### Exhibit 1399

Record Citations For Facts
¶¶ 62, 64, 65, 69, 72, 74, 76, 78, 101,
102, and 116 from the United States'
Statement of Undisputed Material
Facts and Excerpts from Claud Clark's
Conservation Easement Appraisals

### Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 2 of 1318 Excerpts from Clark's Conservation Easement Appraisals

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	Name	Doc ID Beg	Pincite for	Pincites for	Pincites for	Pincites for	Pincites for	Pincites for	Pincites for	Pincites for	Pincites for	Pincites for	Pincites for
			Appraisal (SUF			SUF ¶ 64			SUF ¶ 76		SUF ¶ 102		SUF ¶ 72
1			¶ 116)										
2	Appraisal of Arcadian Quay, LLC (excerpts)	ECOVEST-DOJ_0074308	2	2	3	3-4	4	9	12	14	15	16	17
3	Appraisal of Azalea Bay Resort Holdings, LLC (excerpts)	CC_IRSAUD00029215	19	19	20	20-21	21	26	29	31	32	33	34
4	Appraisal of Azul Bay Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0163768	36	36	37	38	39	48	51	54	55	N/A	57
5	Appraisal of Beech Springs Resort Holdings, LLC (excerpt	ECOVEST-DOJ_0020711	59	59	60	60-61	61	66	69	74	75	76	77
6	Appraisal of Bellavista Grove Holdings, LLC (excerpts)	ECOVEST-DOJ_0042959	79	79	80	80-81	81	86	89	92	93	94	95
7	Appraisal of Belle Harbour Resort Holdings, LLC (excerpt	ECOVEST-DOJ_0017582	97	97	98	98-99	99	104	107	109	110	111	112
8	Appraisal of Birch Equestrian Holdings, LLC (excerpts)	ECOVEST-DOJ_0106846	114	N/A	114	115	116	120	123	126	N/A	128	129
9	Appraisal of Birkdale Landing Holdings, LLC (excerpts)	ECOVEST-DOJ_0157468	131	132	132	133	134	138	141	144	145	N/A	147
10	Appraisal of Brunswick Highlands Holdings, LLC (excerpt	ECOVEST-DOJ_0108629	149	N/A	149	150-151	152	156	159	161	161	162	163
11	Appraisal of Camellia Station Holdings, LLC (excerpts)	ECOVEST-DOJ_0069751	165	165	166	166-167	167	172	175	177	178	179	180
12	Appraisal of Cane Creek Holdings, LLC (excerpts)	CC_IRSAUD00035292	182	N/A	182	183	184	188	191	194	N/A	196	197
13	Appraisal of Carolina Bays Resort Holdings, LLC (excerpt	ECOVEST-DOJ_0129432	199	199	200	200-201	201	206	209	211	212	213	214
14	Appraisal of Cayo Dorado Holdings, LLC (excerpts)	ECOVEST-DOJ_0153542	216	217	217	218	219	228	231	234	235	N/A	237
15	Appraisal of Cayo Marsopa Holdings, LLC (excerpts)	ECOVEST-DOJ_0078704	239	239	240	240-241	241	246	249	253	254	255	256
16	Appraisal of Coastavista Palms Holdings, LLC (excerpts)	ECOVEST-DOJ_0038749	258	258	259	259-260	260	265	268	274	275	276	277
17	Appraisal of Copano Cove Holdings, LLC (excerpts)	ECOVEST-DOJ_0197844	279	282	280-281	282-283	279	294	297	302	N/A	N/A	304
18	Appraisal of Cottonwood Cove Holdings, LLC (excerpts)	ECOVEST-DOJ_0183595	306	309	307	309-310	306	316	319	326	N/A	N/A	328
19	Appraisal of Cristobal Key, LLC (excerpts)	ECOVEST-DOJ_0083113	330	330	331	331-332	332	337	340	345	346	347	348
20	Appraisal of Cypress Cove Marina Holdings, LLC (excerpt	ECOVEST-DOJ_0009219	350	350	351	351-352	352	357	360	362	363	364	365
21	Appraisal of Diamond Grande Resort Holdings, LLC (exce	ECOVEST-DOJ_0022897	367	367	368	368-369	369	374	377	379	380	381	382
22	Appraisal of Dumpling Mountain, LLC (excerpts)	ECOVEST-DOJ_0335900	384	N/A	384	385-386	386	390	393	395	N/A	396	397
23	Appraisal of Espiritu Shores Holdings, LLC (excerpts)	ECOVEST-DOJ_0209961	399	402	400	402-403	399	413	416	418	N/A	N/A	420
24	Appraisal of Garden Lakes Estates Holdings, LLC (excerpt	ECOVEST-DOJ_0126605	422	422	423	423-424	424	429	432	434	435	436	437
25	Appraisal of Glade Creek, LLC (excerpts)	ECOVEST-DOJ_0222480	439	N/A	439	440-441	441	445	448	451	N/A	452	453
26	Appraisal of Greenway Holdings Acquisitions, LLC (excer	ECOVEST-DOJ_0116209	455	N/A	455	456	457	461	464	469	N/A	470	471
	Appraisal of Hammersmith Landing Holdings, LLC (excer		473	476	474	476-477	473	483	486	490	N/A	N/A	492
28	Appraisal of Harbor Gate at Seadrift Holdings, LLC (exce	ECOVEST-DOJ_0206112	494	497	495	497-498	494	508	511	514	N/A	N/A	517
29	Appraisal of Hickory Equestrian, LLC (excerpts)	ECOVEST-DOJ_0332645	519	N/A	519	520-521	521	525	528	530	N/A	531	531
30	Appraisal of Hickory Preserve Holdings, LLC (excerpts)	ECOVEST-DOJ_0121566	534	534	535	535-536	537	542	545	553	553	554	555
31	Appraisal of High Rocks, LLC (excerpts)	ECOVEST-DOJ_0332840	557	N/A	557	558	559	563	566	570	N/A	571	572
32	Appraisal of Highway 30, LLC (excerpts)	ECOVEST-DOJ_0223766	574	N/A	574	575	576	580	583	585	N/A	586	587
33	Appraisal of Indigo Sound Holdings, LLC (excerpts)	ECOVEST-DOJ_0213350	589	592	590	592-593	589	599	602	605	N/A	N/A	607
34	Appraisal of Lakeshore Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0060367	609	609	610	610-611	611	616	619	622	623	624	625
35	Appraisal of Land of the Lake Holdings, LLC (excerpts)	ECOVEST-DOJ_0233391	627	N/A	627	628	629	633	636	638	N/A	639	640
36	Appraisal of Leland Forest Holdings, LLC (excerpts)	ECOVEST-DOJ_0111350	642	N/A	642	643-644	645	649	652	654	654	655	656
37	Appraisal of Long Bay Marina Holdings, LLC (excerpts)	ECOVEST-DOJ_0132194	658	658	659	659-660	660	665	668	670	671	672	673
38	Appraisal of Magnolia Bay Resort Holdings, LLC (excerpt	ECOVEST-DOJ_0007074	675	675	676	676-677	677	682	685	687	688	689	690
39	Appraisal of Maple Equestrian, LLC (excerpts)	ECOVEST-DOJ_0224289	692	N/A	692	693-694	694	698	701	703	N/A	704	705
40	Appraisal of Meadow Creek Holdings, LLC (excerpts)	ECOVEST-DOJ_0233588	707	N/A	707	708	709	713	716	719	N/A	N/A	722
41	Appraisal of Miramar Pointe Holdings, LLC (excerpts)	ECOVEST-DOJ_0201943	724	727	725	727-728	724	738	741	747	N/A	N/A	749
42	Appraisal of Montego Pointe Holdings, LLC (excerpts)	ECOVEST-DOJ_0186699	751	753	752-753	754-755	751	765	767-768	770	N/A	N/A	772
43	Appraisal of Monterrey Cove Holdings, LLC (excerpts)	ECOVEST-DOJ_0102366	774	775	775	776	777	786	789	791	792	N/A	794
44	Appraisal of Myers Cove Holdings, LLC (excerpts)	ECOVEST-DOJ_0226905	796	N/A	796	797	798	802	805	809	N/A	811	812
45	Appraisal of Myrtle Cove Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0143459	814	815	815	816	817	821	824	827	828	N/A	830
46	Appraisal of Myrtle West Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0047202	832	832	833	833-834	834	839	842	844	845	846	847
47	Appraisal of Neuse Harbor Holdings, LLC (excerpts)	ECOVEST-DOJ_0190386	849	852	850	852-853	849	859	862	865	N/A	N/A	868
48	Appraisal of New River Preserve Holdings, LLC (excerpts)	ECOVEST-DOJ_0123857	870	870	871	871-872	872	877	880	882	883	884	885
49	Appraisal of North Bay Cove , LLC (excerpts)	ECOVEST-DOJ_0065163	887	887	888	888-889	889	894	897	899	900	901	902
50	Appraisal of Ocean Grove Resort Holdings, LLC (excerpts	ECOVEST-DOJ_0051546	904	904	905	905-906	906	911	914	916	917	918	919

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		200.2.208	Appraisal (SUF			SUF ¶ 64	SUF ¶ 62	SUF ¶ 74	SUF ¶ 76	SUF ¶ 101	SUF ¶ 102		SUF ¶ 72
1			¶ 116)	301    70	301    03	551    54	301    02	301    74	301    70	301    101	30.    102	30. 1103	301    72
51	Appraisal of Piney Cumberland Holdings (excerpts)	ECOVEST-DOJ_0233863	921	N/A	921	922-923	923	927	930	932	N/A	N/A	935
52	Appraisal of Port Quay Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0149896	937	938	938	939	940	949	952	956	957	N/A	959
53	Appraisal of Punta Vista Grande Holdings, LLC (excerpts	ECOVEST-DOJ_0176521	961	964	962	964-965	961	971	975	980	N/A	N/A	963
54	Appraisal of Queen's Cove Holdings, LLC (excerpts)	ECOVEST-DOJ_0088837	985	985	986	986-987	987	992	995	998	999	1000	1001
55	Appraisal of Red Oak Equestrian, LLC (excerpts)	ECOVEST-DOJ_0332259	1003	N/A	1003	1004	1005	1009	1012	1014	N/A	1016	1017
56	Appraisal of River Trace Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0030858	1019	1019	1020	1020-1021	1021	1026	1029	1033	1034	N/A	1036
57	Appraisal of Riverside Preserve Holdings, LLC (excerpts)	ECOVEST-DOJ_0091357	1038	1038	1039	1039-1040	1040	1045	1048	1050	1051	1052	1053
58	Appraisal of Rocky Creek Plantation Acquisitions, LLC (e.	ECOVEST-DOJ_0118764	1055	1055	1056	1056-1057	1058	1062	1065	1071	1072	1073	1074
59	Appraisal of Sanibel Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0012950	1076	1076	1077	1077-1078	1078	1083	1086	1089	1090	1091	1092
60	Appraisal of Santo Bay Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0170095	1094	1095	1095	1096	1097	1106	1109	1112	1113	N/A	1115
61	Appraisal of Seavista Resort Holdings, LLC (excerpts)	ECOVEST-DOJ_0026636	1117	1117	1118	1118-1119	1119	1124	1127	1130	1131	1132	1133
62	Appraisal of Shining Star Properties XI, LLC (excerpts)	ECOVEST-DOJ_0333870	1135	N/A	1135	1136-1137	1137	1141	1144	1148	N/A	N/A	1151
63	Appraisal of South Bay Cove Holdings, LLC (excerpts)	ECOVEST-DOJ_0034544	1153	1153	1154	1154-1155	1155	1160	1163	1165	1166	1167	1168
64	Appraisal of Tortuga Trace Holdings, LLC (excerpts)	ECOVEST-DOJ_0179870	1170	1173	1171	1173-1174	1170	1185	1188	1193	N/A	N/A	1196
65	Appraisal of Trout Creek, LLC (excerpts)	ECOVEST-DOJ_0224553	1198	N/A	1198	1199	1200	1204	1207	1210	N/A	1211	1212
66	Appraisal of Tupelo Grove Holdings, LLC (excerpts)	ECOVEST-DOJ_0167318	1214	1215	1215	1216	1217	1221	1224	1226	1227	N/A	1229
67	Appraisal of Turkey Creek Resort Holdings, LLC (excerpts	ECOVEST-DOJ_0160558	1231	1232	1232	1233	1234	1238	1241	1243	1244	N/A	1246
68	Appraisal of Waterway Grove Holdings, LLC (excerpts)	ECOVEST-DOJ_0095500	1248	1248	1249	1249-1250	1250	1255	1258	1260	1261	1262	1263
69	Appraisal of White Oak Equestrian, LLC (excerpts)	ECOVEST-DOJ_0225003	1265	N/A	1265	1266-1267	1267	1271	1274	1276	N/A	1277	1278
70	Appraisal of White Sands Village Holdings, LLC (excerpts	ECOVEST-DOJ_0056022	1280	1280	1281	1281-1282	1282	1287	1290	1292	1293	1294	1295
71	Appraisal of Wilderness Lake Holdings, LLC (excerpts)	ECOVEST-DOJ_0113645	1297	N/A	1297	1298	1299	1303	1306	1313	1313	1314	1315

# Excerpts from appraisal of: Arcadian Quay

Document ID: ECOVEST-DOJ 0074308

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Arcadian Quay LLC C/O
Bob McCullough
EcoVest Capital, Inc.
Monarch Tower
3424 Peachtree Rd, NE, Suite 1550
Atlanta Ga. 30346
bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Arcadian Quay, LLC

30.27 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust172, 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2016 is:

Unencumbered	Acres	FMV	
Before Value	30.27	\$61,850,730	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2016 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	30.27	\$198,432	

The value of the easement gift as of December 15, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	30.27	\$61,850,730
Less		
Total After Value (Encumbered)	30.27	<u>\$198,432</u>
Value of the Easement	rounded	\$61,652,000

The encumbered property also includes one (1) reserved building for either one residence or one resort. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that the lot is not a build ready lot and will incur some development costs to make it so. The site will be constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee

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organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.

WXI

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG

State Certified General Real Property Appraiser

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#### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located south of Carolina Bays Pkwy and

north of the Intracoastal Waterway in North Myrtle Beach,

Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 15, 2016

**Date of Donation** December 15, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R-4I (Inland Multi-Family Residential)

**Site:** 30.27 Acres

**Easement:** 30.27 Acres

**Reserved:** One Residential Building Site

**Total:** 30.27 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### LEGAL DESCRIPTION

ALL THAT CERTAIN PARCEL AS SHOWN ON PLAT ENTITLED BOUNDARY/ SUBDIVISION SURVEY OF A PORTION OF PERMENTER BROTHERS HOLDINGS, LLC FOR PERMENTER BROTHERS HOLDINGS, LLC PATED AUGUST 28, 2015, BY THE BRIGMAN COMPANY AND RECORDED SEPTEMBER 17, 2016 IN THE HORRY COUNTY REGISTER OF DEEDS OFFICE IN PLAT BOOK 267, PACE 254.

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAIS PARCEL AND POINT BEING MAKEED BY HAVING 578: IRON REBAR SET AND HAVING SC STATE PLANE COORDINATES OF N 735.013.83 AND E 2.696.348.26 THENCE A LINE BOUNDED TO THE NORTH BY PARCEL 7 TO THE SOUTH BY THE SUBJECT TRACT, THE FOLLOWING BEARINGS AND DISTANCE N 681.191.38" E 796.49' TO 578 IRON REBAR SET

THENCE A LINE SOUNDED TO THE NORTH BY PARCEL 7 AND BOUNDED TO THE SOUTH BY THE SUBJECT TRACT THE FOLLOWING SEARINGS AND DISTANCES: N  $68^{\circ}$  52' 59" E  $93.36^{\circ}$  TO 5/8 IRON REBAR SET

THENCE A LINE SCUNDED TO THE EAST BY PARCEL 8 AND SCUNDED TO THE WEST SY THE SUBJECT TRACT THE FOLLOWINGS BEARINGS AND DISTANCES: S 23° 32' 26" E 1485.24' TO 5/8 IRON REBAR SET

THENCE A LINE BOUNDED TO THE SOUTH BY THE ATLANTIC INTRACOASTAL WATER WAY AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES S 691 291 541 W 687.481 TO 5/8 IRON REPAR SET

THENCE A LINE SCUNDED TO THE WEST BY PARCEL 7 AND SOUNDED TO THE EAST BY THE SUBJECT TRACT. THE FOLLOWINGS SEARINGS AND DISTANCES:

N. 24° 32°, 42°, W 632.46°, TO 5/8 IRON REBAR SET THENCE BACK TO POINT OF BEGINNING. TRACT CONTAINS 30.27 ACRES

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 30.27 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

#### **Identification of the Subject Property**

The subject is located south of Carolina Bays Pkwy and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 30.27 acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Arcadian Quay, LLC

#### *Improvements*

None

**Taxes** 

Site Data

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 30.27 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

## Excerpts from appraisal of: Azalea Bay Resort

Document ID: CC IRSAUD00029215

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

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Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Azalea Bay Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Azalea Bay Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	269	\$48,034,468	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FM∨	
Total After Value – Land and Reserved Sites	269	\$2,816,950	

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	269	\$48,034,468
Less		
Total After Value (Encumbered)	269	<u>\$2,816,950</u>
Value of the Easement	rounded	\$45,218,000

The encumbered property also includes up to five (5) reserved residential building sites and one (1) reserved recreational building site. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, require an additional value over that of the per acre value of the encumbered property. It should be noted that these lots are not build ready lots and will incur some development costs to make them so. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG

State Certified General Real Property Appraiser

### Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 29 of 1318 Excerpts from Azalea Bay Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on Long Bay Road and north of

Highway 31 and the Intracoastal Waterway in North Myrtle

Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R2A Resort Residential

**Site:** 269 +- Acres

**Easement:** 269 +- Acres

**Reserved:** Five (5) residential and One (1) recreational sites within a

21 +- acre Building Zone

Total: 269 +- Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

ALL AND SINGULAR, that certain piece, parcel or lot of land, situate, lying and being in the City of North Myrtle Beach, Horry County, South Carolina, containing 269.41 Acres, more or less, as shown and described on a Recombination Plat entitled "Map of 269.41 <u>+</u> Acres of Land", prepared by DDC Engineers, dated February 19, 2015, and recorded March 19, 2015, in Plat Book 265, at Page 188, reference to which is hereby craved as forming a part and parcel hereof.

Area Data

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 269 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Area Data

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch, LLC; Michael D. Wilson, Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

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Area Data

#### **Identification of the Subject Property**

The Subject Property is located on Long Bay Road, north of Highway 31 and the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 269+- acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Azalea Bay Resort, LLC

#### *Improvements*

None

#### Taxes

Name		SLF IVISEI SANDRIDGE LLC
Address		2002 OAK ST STE 200 MYRTLE BEACH SC 29577
Tax Year:		2015
District/Levy:		\$50 / 185.5
City/Lovy:		NM / 039.3
Total Appraisal:		27,AEE
Total Assessed:		1,650
Assessment Ratio: 6%	Land Approbal: 27,460	Building Appraisal: C
Property Informati	on	
Record Type		Real Estate
Map Number:		129-00-07-100
Dim:		348 00 00 0021
Acros		163.22
Coscription:		3600 W/S COATS RO
Taxes		
County Tax		\$306.03
Gty Tax:		164.85
Fee:		\$0.00
Residential Exemption:		\$0.00
Homestead Exemption:		\$0.00
Other Exemptions:		\$0.00
Local Option Credit:		\$0.00
Total Taxes:		\$370.93
Total Paid: \$370.93		

Site Data

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

 Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 269+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

## Excerpts from appraisal of: Azul Bay Resort

Document ID: ECOVEST-DOJ\_0163768

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Azul Bay Resort LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Azul Bay Resort, LLC

302.65 acre tract, Aransas County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Strategic Solutions in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

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advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 19, 2017, and before the Subject Property is encumbered by the easement is as follows:

Unencumbered	Acres	FMV	
Total Before Value	302.65	\$81,321,630	

The value of the Subject Property, subject to a perpetual conservation easement as of December 19, 2017 is:

Encumbered	Acres	FM∨	
Total After Value (Encumbered and outparcel)	302.65		

The value of the easement gift as of December 19, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Total Before Value (Unencumbered)	302.65	\$81,321,630
Less		
Total After Value (Encumbered and outparcel)	302.65	<u>\$3,397,063</u>
Value of the Easement	rounded	\$77,925,000

The encumbered property also includes one (1) reserved building zone that permits one residence, either the current existing one or a replacement. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain

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limited building rights, as defined by the easement; therefore, I feel this site requires an additional value over that of the per acre value of the encumbered property. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided to value this building area at \$5,000 per acre, or \$17,500. This value will be added to the indicated fair market value of the encumbered property.

There is also a 9-acre outparcel that will be valued separately from the development and excluded from the easement. Those valuations are located later in the appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TX License #TX 1380003 State Certified General Real Property Appraiser

#### Hurricane Harvey Comments

Following are two letters. One is written by me and the second is from Belinda Sward. Each serve to comment on the impact of the storm on the prospective projects.

## **CLARK ~ DAVIS, P.C.**REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

September 8, 2017

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- \* Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Azul Bay Resort will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III



November 10, 2017

Mr. Adam Lloyd Chief Operating Officer/Senior Vice President ECOVEST CAPITAL INC 3424 Peachtree Rd NE Suite 1550 Atlanta GA 30826

#### RE: HURRICANE HARVEY AND AZUL BAY RESORT, ARANSAS COUNTY, TEXAS

Dear Adam.

Thank you for your request for a professional opinion regarding potential impact from Hurricane Harvey to the market analysis and recommendations for Azul Bay Resort. Hurricanes and other natural disasters can und have impacted state and local economies and housing markets. This is the case with Hurricane Harvey, particularly in Houston.

As written in our report for Azul Bay Resort, dated September 8, 2017, it was widely reported that Houston's economy would suffer a significant blow. The following economic forecasts were reported at that time.

- Moody's Analytics estimated a loss of as much as \$10 billion in economic output, plus another \$20 billion in property damage from flooding. They further estimated that economic output could be flat for two months following the storm but would likely grow thereafter.
- As reported by Moody's Analytics, unlike New Orleans after Hurricone Katrina, the greater Houston economy is better equipped to absorb the blow because of its size, diversity and prominence as the nation's energy hul.
- Regarding terrism, Moody's Analytics conducted a study of economic impact from harricaness dating to 1989. According to Mark Zandi, Chief Economist of Moody's, approximately two-thirds of economic losses can be traced to property damage while a third is due to fest economic output.
- And much of the losses in the region are later offset by economic activity. Most damaged homes, businesses and infrastructure are repaired or robuilt, generating economic activity that offsets the cost of damage from a natural disaster. And at least some of the disruptions to retail and other businesses are made up in the following weeks and months as consumers release pent-up demand.

Patrix El Comino Reci (Subsidio) - Son Dega, CA 9030 Otton 350 947 2730 - Ca: 1516, 745, 4530 - StrateginSchwarmAttimen com Moody's Analytics projected that the recovery process would result in employment
growth. Workers generally do not lose their jobs following a disaster like Harvey
unless they were temporary to begin with, but firms might be hesitant to hire as many
cope with lost output and a need to rebuild. By the beginning of next year, job growth
will be stronger than it would have been absent Harvey due to pent-up demand for
workers. This will be especially pronounced in the construction industry, as the need
for rebuilding drives a surge in construction hiring.

Since our report impacts appear to have been similar to projections. In Houston, America's fourth-largest city, even people who were not directly affected by Harvey are still facing daily disruptions. Road closures persist on some of the area's major freeways, stretching 20-minute commutes into two bours, trying workers' patience and dampening productivity. Additionally, the will to rebuild is being impacted by a shortage of construction workers.

The situation in Corpus Christi (near Bockport) has also been hard-hit. Yet, the state's energy and petrochemical industries are working to get back to hill strength. At the height of the storm, 20 Texas oil refineries were closed or partially shut down. These are short-term setbacks as the market recovers.

Our experience over the years with various markets following harricanes, including in Florida and North and South Carolina, has been similar. The recovery period typically offsets the economic damage and within even one year of devastation there is market recovery, and growth. The flousion and Texas economics are overcoming the setbacks quickly, just like other regions have following a natural disaster. In fact, when natural disasters do show up in economic data, it is usually as a small growth bump a few months after the storm, when retainfiling accelerates and insurance checks are cut.

Similar to other countil nurkers throughout the country, tourism and housing investment will accelerate once recovery from a natural disaster has occurred. A short-term setback, followed by a correction and economic growth is what we can expect for Texas, including Rockport and the Corpus Christi Metropolitan Area. Azul Ray Resort will benefit from this recovery.

Thank you for the potential opportunity to work with you and the EcoVest team.

Very maly years,

Betinda Sward

Founder and Principal

extinde swould

Strategic Solutions Allianoe

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications
  (background, experience, education and membership in professional associations), I am qualified to make appraisals of real
  property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 1380003 State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 51 of 1318 Excerpts from Azul Bay Appraisal

#### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located off Highway 1069, west of the town

of Rockport in Aransas County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Property Inspection:** June 13, 2017

**Date of Value Estimates:** December 19, 2017

**Date of Donation** December 19, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 302.65 Acres

Easement: 293.65 Acres

**Excluded:** 9 Acre Outparcel

**Reserved:** 3.5 Acre Building Zone located within the easement

**Total:** 302.65 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with a 3.5-acre

Building Zone and a 9-acre outparcel

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement, or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 53 of 1318 Excerpts from Azul Bay Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### Legal Descriptions and Maps

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#### EXHIBIT "A"

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49 Michael V. Williams Suggested Data scontilland Surveyor Tenes No. 2006.

59208000 - Frank 3: 802 65 Acres

#### LESS AND EXCEPT:

9.00 ACRES

#### THE STATE OF TEXAS}

#### THE COUNTY OF ARANSAS)

BEING a 9.00 acre tract of land situated in a portion of the William S. Tuten Survey, Abstract No. 202, out of and part of the C.B. Lucas Ranch Subdivision according to the established map or plat thereof as recorded in Volume 2, Page 7 of the Map Records, Aransas County, Texas, and being a portion out of a called 1107.81 acre tract of land described by General Warranty Deed dated March 23, 2007, conveyed from Tidwell Coastal Banch, Ltd. to Waterfront Land trivestments Fund I, L.P. as recorded in Instrument No. 290234 of the Official Public Records, Aransas County, Texas, said 9.00 acre tract being particularly described by metes and bounds as follows:

COMMENCING at a set \$/8" steel rebar with yellow plastic cap stemped "DRBAN SURVEYING, INC." along the northwest line of Farm-to-Market No. 1869 (a Variable Width Right-of-Way -- 80-foot minimum) and the southeast fine of the aforesaid 1107.81 acre tract, from which a found \$/8" steel rebar marking the intersection of the northwest right-of-way line of said Farm-to-Market No. 1969 and the southwest line of Port Bay Club Road (a 50-foot Right-of-Way) and being the cost corner of said 1107.81 acre tract bears North 28"45"45" East, a distance of 3347.84 feet;

THENCE, North 72°17'48" West, departing the portionest right-of-way line of said Farm-to-Market No. 1069, over 2nd into said 1107.81 acre tract, a distance of 4254.91 feet to a point marking the POINT OF BEGINNING and the east most corner of the herein described tract:

Page 4 of S

"A" TIBIHKS

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Charley Clark, Assesse Charley Vesses

THENCE, South 54'46'14" West, a distance of 720.12 feet to a point for the south corner of the berein described tract;

THENCE, North 35"05"00" West, a distance of 731.50 feet to a point for the west corner of the berein described tract:

THENCE, North 64°36'28" East, a distance of 386.46 feet to a point for the north corner of the herein described tract;

THENCE, South BSPD732" East, a distance of 606.32 feet to an angle point for the heroin described trett;

THENCE, South 35"13"46" East, a distance of 143.00 feet to the POINT OF REGINNING, CONTAINING

within these metes and bounds a 9.00 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zona (4204). Reference is made to that Plat accompanying this Legal Description.



The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in June, 2017 and are true and correct to the best of my knowledge and belief.

11/09/2017

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor Texas No. 6616

\$22090.01 ~ Exclusion Area: 9.00 Acres

Page 5 of 5

Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 302.65 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction

Area Data

Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales

Area Data

#### **Identification of the Subject Property**

The subject is located off Highway 1069, west of the town of Rockport in Aransas County, Texas. The site contains 302.65 acres.

#### **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

#### **Ownership**

Azul Bay Resort, LLC

**Improvements** 

None

**Taxes** 

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 60 of 1318 Excerpts from Azul Bay Appraisal

Site Data

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 302.65 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Beech Springs Resort

Document ID: ECOVEST-DOJ\_0020711

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Beech Springs Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

**Beech Springs Resort** 

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

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(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	253.57	\$25,548,381	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	253.57	\$456,426	

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	253.57	\$25,548,381	
Less			
Total After Value (Encumbered)	253.57	<u>\$456,426</u>	
Value of the Easement	rounded	\$25,092,000	
		,	

The Subject Property has two (2) reserved residential building sites and two (2) reserved recreational building sites. While these sites do maintain limited building rights, as defined by the easement, the rural location of the property, limits their value above that of the encumbered property. It should also be noted that these lots are not build ready lots and will require development costs to make them so, such as access, lot clearing, and utility installation. Due to these facts, I do not feel that these sites warrant an additional value above that of the overall per acre value of the encumbered tract. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III KY License #5003 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.

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- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III KY License #5003 State Certified General Real Property Appraiser

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#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located on Lake Barkley in Trigg

County, Kentucky.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purposes, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 253.57 Acres

**Easement:** 253.57 Acres

**Reserved:** Two Residential Building Sites and Two Recreational

**Building Site** 

**Total:** 253.57 Acres

**Improvements:** None

High and Best Use Before: Residential Villa and Motor Coach

Development

of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Kentucky or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

Being the following described real estate, situated within in Trigg County, Kentucky, and being that property which was conveyed to BDJD, LLC, by deed of record in Deed Book 249, Page 334, in the Court Clerk's Office of Trigg County, Kentucky, and being more particularly described as follows:

**BEGINNING** at a ½-inch rebar found in the west right-of-way of Beech Springs Road, 30 feet from the center, at the northeast corner of Cunningham, Deed Book 112, Page 438; runs thence with Cunningham as follows:

South 87 degrees 14 minutes 01 seconds West, passing a 1-inch rod found at 23.12 feet and continuing 2474.30 feet, for a total distance of 2497.42 feet to a 5/8-inch rebar with Byrd cap found;

South 20 degrees 25 minutes 53 seconds East, 2864.81 feet to a 5/8-inch rebar with Byrd cap found;

North 89 degrees 36 minutes 59 seconds East, 346.57 feet to a 5/8-inch rebar with Byrd cap found in the west line of Mathis, Deed Book 276, Page 235; thence with Mathis South 23 degrees 04 minutes 25 seconds West, 188.34 feet to a 5/8-inch rebar with Byrd cap found at the northwest corner of Noel, Deed Book 80, Page 30; thence with Noel as follows:

South 19 degrees 27 minutes 30 seconds West, 436.52 feet to a 5/8-inch rebar with Byrd cap found;

South 75 degrees 02 minutes 02 seconds East, 652.72 feet to a 5/8-inch rebar with Byrd cap found in the west right-of-way of Beech Springs Road, 30 feet from the center; thence with the right-of-way of Beech Springs Road as follows:

South 58 degrees 44 minutes 22 seconds West, 14.34 feet to a 5/8-inch rebar with Byrd cap found;

South 62 degrees 26 minutes 11 seconds West, 386.73 feet to a 5/8-inch rebar with Byrd cap found;

South 58 degrees 15 minutes 55 seconds West, 329.89 feet to a 5/8-inch rebar with Byrd cap found;

Along a curve to the left 160.59 feet, having a radius of 335.00 feet, and being subtended by a chord bearing and distance of South 43 degrees 17 minutes 06 seconds West, 159.06 feet to a 5/8-inch rebar with Byrd cap found at the northeast corner of Trammell Hill Estates, Plat Cabinet 1, Page 9; thence with Trammell Hill Estates and with Gosnell, Deed Book 241, Page 209, each a portion of the way, North 74 degrees 09 minutes 22 seconds West, 980.66 feet to a steel fence post found at the northeast corner of Williams, Deed Book 234, Page 598; thence with Williams and with Lot 14 of Barkley Beach Estates, Plat Cabinet A, Page 86, each a portion of the way, North 79 degrees 11 minutes 21 seconds West, 1034.29 feet to a 3/8-inch rebar found in a rock pile at the northeast corner of Lot 15; thence with Lot 15 North 79 degrees 53 minutes 42 seconds West, 233.63 feet to a 5/8-inch rebar with Byrd cap found at the southeast corner of Lot 16; thence with Lot 16 North 03 degrees 11 minutes 41 seconds East, 147.43 feet to a ½-inch rebar found at the southeast corner of Lot 17; thence with Lot 17 North 03 degrees 48 minutes 59 seconds East, 89.56 feet to a ½-inch rebar found at the southeast corner of Lot 18; thence with Lot 18 North 03 degrees 32 minutes 51 seconds East, 99.68 feet to a ½inch rebar found at the southeast corner of Lot 19; thence with Lot 19 North 05 degrees 04 minutes 48 seconds East, 320.97 feet to a concrete monument found at a common

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corner of the United States Army Corps of Engineers, Lake Barkley Project; thence with
the Lake Barkley Project as follows:
North 06 degrees 34 minutes 40 seconds East, 1666.12 feet to a concrete monument
found;
South 81 degrees 49 minutes 40 seconds East, 478.56 feet to a concrete monument found;
North 18 degrees 00 minutes 34 seconds West, 749.05 feet to a ½-inch rebar found;
North 21 degrees 02 minutes 01 seconds East, 346.30 feet to a ½-inch rebar found;
North 31 degrees 18 minutes 03 seconds East, 471.26 feet to a ½-inch rebar found;
North 29 degrees 16 minutes 15 seconds East, 98.89 feet to a ½-inch rebar found;
North 24 degrees 47 minutes 06 seconds East, 148.47 feet to a concrete monument found;
North 25 degrees 21 minutes 07 seconds West, 169.38 feet to a concrete monument
found:
North 38 degrees 58 minutes 32 seconds East, 35.84 feet to a steel fence post found;
North 32 degrees 26 minutes 10 seconds East, 202.10 feet to a steel fence post found;
North 35 degrees 44 minutes 00 seconds East, 129.36 feet to a steel fence post found;
North 24 degrees 17 minutes 51 seconds East, 142.75 feet to a steel fence post found;
North 10 degrees 19 minutes 41 seconds East, 107.34 feet to a steel fence post found;
North 17 degrees 36 minutes 58 seconds East, 150.98 feet to a steel fence post found;
North 04 degrees 17 minutes 05 seconds East, 181.84 feet to a steel fence post found;
North 09 degrees 26 minutes 10 seconds East, 212.10 feet to a steel fence post found;
North 34 degrees 55 minutes 44 seconds East, 65.57 feet to a steel fence post found;
North 19 degrees 25 minutes 10 seconds East, 117.92 feet to a steel fence post found;
North 51 degrees 50 minutes 58 seconds East, 157.21 feet to a steel fence post found;
North 59 degrees 48 minutes 10 seconds West, 200.83 feet to a steel fence post found;
North 32 degrees 23 minutes 38 seconds West, 89.17 feet to a steel fence post found;
North 02 degrees 13 minutes 13 seconds East, 142.32 feet to a steel fence post found;
North 69 degrees 55 minutes 14 seconds West, 260.88 feet to a steel fence post found;
North 40 degrees 34 minutes 49 seconds West, 109.53 feet to a steel fence post found;
North 21 degrees 43 minutes 25 seconds West, 118.78 feet to a concrete monument
found:
North 42 degrees 23 minutes 16 seconds East, 329.99 feet to a concrete monument found;
North 86 degrees 53 minutes 36 seconds East, 129.55 feet to a steel fence post found;
South 83 degrees 12 minutes 32 seconds East, 197.51 feet to a steel fence post found;
South 60 degrees 10 minutes 02 seconds East, 134.77 feet to a steel fence post found;
South 33 degrees 07 minutes 40 seconds East, 98.95 feet to a steel fence post found;
South 20 degrees 53 minutes 41 seconds East, 130.39 feet to a steel fence post found;
South 26 degrees 35 minutes 45 seconds West, 190.06 feet to a steel fence post found;
South 59 degrees 53 minutes 16 seconds East, 163.57 feet to a steel fence post found;
South 29 degrees 16 minutes 07 seconds East, 137.59 feet to a steel fence post found;
South 27 degrees 44 minutes 05 seconds East, 198.66 feet to a steel fence post found;
South 04 degrees 33 minutes 47 seconds East, 142.05 feet to a steel fence post found;
South 59 degrees 01 minutes 07 seconds East, 164.14 feet to a steel fence post found;
South 23 degrees 54 minutes 42 seconds East, 115.93 feet to a steel fence post found;
South 16 degrees 40 minutes 14 seconds East, 152.13 feet to a steel fence post found;
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North 07 degrees 17 minutes 53 seconds East, 129.81 feet to a steel fence post found; North 04 degrees 51 minutes 43 seconds West, 173.79 feet to a steel fence post found;

North 77 degrees 29 minutes 18 seconds East, 191.93 feet to a 5/8-inch rebar with Byrd

cap found;

ECOVEST-DOJ 0020723

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North 11 degrees 24 minutes 57 seconds East, 160.42 feet to a 5/8-inch rebar with Byrd cap found;
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North 32 degrees 13 minutes 03 seconds West, 114.79 feet to a steel fence post found;

North 32 degrees 11 minutes 00 seconds East, 99.62 feet to a steel fence post found;

North 35 degrees 58 minutes 47 seconds West, 77.92 feet to a steel fence post found;

North 14 degrees 20 minutes 54 seconds East, 131.39 feet to a steel fence post found;

North 12 degrees 07 minutes 09 seconds West, 118.23 feet to a steel fence post found;

North 59 degrees 50 minutes 59 seconds East, 66.66 feet to a steel fence post found;

South 65 degrees 25 minutes 58 seconds East, 65.63 feet to a steel fence post found;

South 62 degrees 47 minutes 37 seconds East, 63.03 feet to a stee

South 45 degrees 35 minutes 22 seconds East, 40.02 feet;

South 30 degrees 08 minutes 22 seconds East, 76.84 feet;

South 46 degrees 20 minutes 22 seconds East, 79.14 feet to a steel fence post found in the west line of Martin, Deed Book 138, Page 223; thence with Martin as follows

South 16 degrees 17 minutes 28 seconds West, 64.34 feet to a ½-inch rebar found;

South 17 degrees 11 minutes 46 seconds East, 175.43 feet to a ½-inch rebar found;

South 38 degrees 56 minutes 30 seconds East, 137.28 feet to a ½-inch rebar found;

South 57 degrees 48 minutes 36 seconds East, 137.28 feet to a 72-men rebail found, South 57 degrees 48 minutes 36 seconds East, 260.44 feet to a 1-inch pipe found at the southwest corner of Lot 27 of Beech Spring Acres, Miscellaneous Book 2, Page 344; thence with Lot 27 South 62 degrees 24 minutes 51 seconds East, 195.73 feet to a 5/8-inch rebar with Byrd cap found in the right-of-way of Beech Springs Road; thence with the right-of-way as follows:

South 62 degrees 12 minutes 42 seconds East, 37.93 feet to a 5/8-inch rebar with Byrd cap found;

South 02 degrees 26 minutes 53 seconds West, 19.67 feet to a 5/8-inch rebar with Byrd cap found;

Along a curve to the left 78.45 feet, having a radius of 119.50 feet, and being subtended by a chord bearing and distance of South 16 degrees 10 minutes 07 seconds East, 77.05 feet to a 5/8-inch rebar with Byrd cap found;

South 32 degrees 24 minutes 02 seconds East, 35.53 feet to a 5/8-inch rebar with Byrd cap found;

South 29 degrees 35 minutes 00 seconds East, 788.96 feet to a 5/8-inch rebar with Byrd cap found;

Along a curve to the right 392.77 feet, having a radius of 924.09 feet, and being subtended by a chord bearing and distance of South 17 degrees 26 minutes 55 seconds East, 389.82 feet to a 5/8-inch rebar with Byrd cap found;

Along a curve to the right 236.13 feet, having a radius of 1689.00 feet, and being subtended by a chord bearing and distance of South 01 degrees 14 minutes 15 seconds East, 235.94 feet to a 5/8-inch rebar with Byrd cap found;

Along a curve to the right 209.32 feet, having a radius of 4246.00 feet, and being subtended by a chord bearing and distance of South 04 degrees 47 minutes 28 seconds West, 209.29 feet to the Point of Beginning and containing 253.56 acres, more or less, as surveyed by Thomas A. Young, Tennessee Registered Land Surveyor Number 2265, of L. I. Smith & Associates, 302 North Caldwell Street, Paris, TN 38242, on July 20, 2015. Bearings are based upon the Kentucky State Plane Coordinate System, South Zone, NAD 83.

July 20, 2015

# Case 1:18-cy-05774-AT Document 349-87 Filed 02/15/22 Page 76 of 1318 Excerpts from Beech Springs Resort Appraisal

Thomas A. Young, R.L.S. Kentucky Registration No. 3850

File: KY T 19-69 / 8278

### Case 1:18-cy-05774-AT Document 349-87 Filed 02/15/22 Page 77 of 1318 Excerpts from Beech Springs Resort Appraisal

Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 253.57 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

#### **Identification of the Subject Property**

The Subject Property is located off Beech Spring Rd. on Lake Barkley in Trigg County, Kentucky. The site contains 253.57 acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

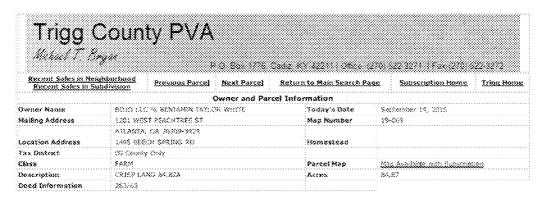
#### Ownership

BDJD, LLC

#### **Improvements**

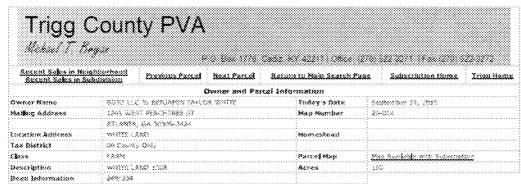
None

#### Taxes



More detailed information is available via subscription service, Details <u>here</u>					
Recent Sales in Meighberhood Recent Sales in Subdivision	Previous Parsel	Next Parcel	Return to Main Scarch Page	Subscription Home	Triss Home
The Tripp County PVA Chine makes every effort to produce the most accords information possible, the vententies, expressed or implied, are provided for the data forcin, its use or information, Westerle Uddated: September 14, 2015					
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More detailed information is evallable via subscription service. Details <u>here</u>					
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Site Data

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 253.57 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Bellavista Grove

Document ID: ECOVEST-DOJ 0042959

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

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Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

November 30, 2016

Jack Sawyer Alston & Bird, LLP 1201 West Peachtree Street NW, #4200 Atlanta, GA 30309 Jack.sawyer@alston.com

RE: Conservation Easement
Appraisal Bellavista Grove
116.55 acre tract, Jasper County, South Carolina

Dear Mr. Sawyer:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

1

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of October 28, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of October 28, 2016 is:

Unencumbered	Acres	FMV	
Before Value	116.55	\$30,345,203	

The value of the Subject Property, subject to a perpetual conservation easement as of October 28, 2016 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	116.55	\$174,825	

The value of the easement gift as of October 28, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	116.55	\$30,345,203	
Less			
Total After Value (Encumbered)	116.55	<u>\$174,825</u>	
Value of the Easement	rounded	\$30,170,000	

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. While these sites do maintain limited building rights, as defined by the easement, the limited access to the property, limits the value above that of the encumbered property. It should also be noted that these lots are not build ready and will require such things as access, lot clearing, and utility installation. Due to these facts, I do not feel that these sites warrant any additional value above that of the overall per acre value of the encumbered tract. No enhancement needed.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

### Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 89 of 1318 Excerpts from Bellavista Grove Appraisal

#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off SC Highway 141 in Jasper

County, South Carolina, approximately 10 miles from

Interstate 95.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** November 30, 2016

**Date of Value Estimates:** October 28, 2016

**Date of Donation**: October 28, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PDD (Planned Development District)

**Site:** 116.55 Acres

**Easement:** 116.55 Acres

**Reserved:** One Residential Building Site and One Recreational

**Building Site** 

**Total:** 116.55 Acres

**Improvements:** None

High and Best Use

Before: Residential Development

A Grant Control of Contro

of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### Bellavista Grove, LLC – Northeast Tract A

ALL AND SINGULAR, THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND, SITUATE, LYING AND BEING IN THE CITY OF HARDEEVILLE, JASPER COUNTY, SOUTH CAROLINA, BEING DESIGNATED AS "NORTHEAST TRACT A", CONTAINING 116.555 ACRES, MORE OR LESS, AND MORE FULLY SHOWN ON THAT CERTAIN PLAT ENTITLED "MINOR SUBDIVISION PARCEL 3B A PORTION OF EAST ARGENT" PREPARED BY THOMAS & HUTTON ENGINEERING CO. DATED OCTOBER 12, 2015, AND RECORDED OCTOBER 28, 2015, IN PLAT BOOK 34, AT PAGE 138 IN THE JASPER COUNTY RECORDS, REFERENCE TO WHICH IS HEREBY CRAVED AS FORMING A PART AND PARCEL HEREOF.

TOGETHER WITH A NON-EXCLUSIVE, RELOCATABLE, APPURTENANT EASEMENT FOR INGRESS, EGRESS AND UTILITY INSTALLATION AND MAINTENANCE OVER AND ACROSS THAT AREA IDENTIFIED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "A", CONTAINING 11.206 ACRES, MORE OR LESS, AS SHOWN ON THE ABOVE REFERENCED PLAT CONTAINED IN THAT CERTAIN DEED FROM SLF III - SC EAST ARGENT, LLC, TO BELLAVISTA GROVE, LLC, DATED OCTOBER 26, 2015, RECORDED OCTOBER 28, 2015, IN THE JASPER COUNTY RECORDS IN BOOK 907 AT PAGE 948.

TOGETHER WITH A NON-EXCLUSIVE EASEMENT OF ACCESS, PASSAGE AND	D USE
OVER AND ACROSS THE PROPERTY DESCRIBED AS "150' ACCESS EASEMEN	JT"
AND "FUTURE NEW RIVER PARKWAY 150' R/W", AS GRANTED BY SLF III - S	SC EAST
ARGENT, LLC BY EASEMENT DATED	E
JASPER COUNTY RECORDS IN BOOK AT PAGE PURSUANT TO	THE
GRANT OF ACCESS EASEMENT FROM JPR PROPERTIES, LLC, DATED NOVEN	MBER 7,
2007, AND RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 606 AT P	AGE 77.
TOGETHER WITH NON-EXCLUSIVE ACCESS, UTILITY AND CONSTRUCTION	
EASEMENT RIGHTS OVER, IN AND TO THAT CERTAIN PARCEL OF PROPERT	Ϋ́
DESCRIBED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "A",	
CONTAINING 11.206 ACRES, MORE OR LESS, AS GRANTED BY COASTAVIST	$\mathbf{A}$
ROAD EASEMENT AGREEMENT BY AND AMONG BELLAVISTA GROVE, LLC	· ڥ
COASTAVISTA PALMS, LLC, AND SLF III-SC EAST ARGENT, LLC, DATED	
, 2015, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK AT P	'AGE

#### MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHERLY RIGHT OF WAY LINE OF ARGENT BOULEVARD(R/W VARIES) AND THE EASTERLY RIGHT OF WAY LINE OF NEW RIVER PARKWAY(150' R/W); THENCE NORTHERLY ALONG NEW RIVER PARKWAY RIGHT OF WAY APPROXIMATELY 8,832 FEET TO AN IRON PIPE FOUND; THENCE N 12°32'45" E A DISTANCE OF 230.30 FEET TO AN IRON PIPE; THENCE WITH THE ARC OF A CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 290.63 FEET, A RADIUS OF 1150.00 FEET, A CHORD LENGTH OF 289.85 FEET, AND A CHORD BEARING N 05°18'22" E TO An IRON PIPE; THENCE N 01°56'02" W A DISTANCE OF 473.98 FEET TO AN IRON PIPE AND ALSO BEING THE END OF THE EXISTING SAID RIGHT OF WAY; THENCE ALONG THE EASTERLY (FUTURE) RIGHT OF WAY LINE OF NEW RIVER PARKWAY WITH THE ARC OF A CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 178.92 FEET, A RADIUS OF 985.00 FEET, A CHORD

LENGTH OF 178.67 FEET, AND A CHORD BEARING N 03°36'26" E TO An IRON PIPE; THENCE N 08°47'33" E A DISTANCE OF 3655.08 FEET TO AN IRON PIPE BEING THE POINT OF BEGINNING; THENCE N 08°47'33" E A DISTANCE OF 203.95 FEET TO AN IRON PIPE; THENCE WITH THE ARC OF A CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 1145.63 FEET, A RADIUS OF 1925.00 FEET, A CHORD LENGTH OF 1128.80 FEET, AND A CHORD BEARING N 25°50'30" E TO An IRON PIPE; THENCE N 42°53'28" E A DISTANCE OF 485.17 FEET TO AN IRON PIPE; THENCE WITH THE ARC OF A CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 533.77 FEET, A RADIUS OF 1925.00 FEET, A CHORD LENGTH OF 532.06 FEET, AND A CHORD BEARING N 50°50'04" E TO An IRON PIPE; THENCE LEAVING SAID FUTURE RIGHT OF WAY S 29°07'19" E A DISTANCE OF 382.98 FEET TO AN IRON PIPE: THENCE N 80°34'40" E A DISTANCE OF 114.96 FEET TO AN IRON PIPE; THENCE S 04°59'03" E A DISTANCE OF 640.71 FEET TO AN IRON PIPE; THENCE S 64°28'55" E A DISTANCE OF 916.52 FEET TO AN IRON PIPE; THENCE S 15°44'35" E A DISTANCE OF 560.46 FEET TO AN IRON PIPE; THENCE S 10°11'08" W A DISTANCE OF 1247.96 FEET TO AN IRON PIPE; THENCE N 89°31'48" W A DISTANCE OF 770.52 FEET TO AN IRON PIPE; THENCE N 70°39'17" W A DISTANCE OF 679.42 FEET TO AN IRON PIPE; THENCE N 44°46'02" W A DISTANCE OF 1375.03 FEET TO SAID POINT OF BEGINNING, SAID TRACT OR PARCEL OF LAND CONTAINING 116.555 ACRES.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 116.55 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

#### **Identification of the Subject Property**

The subject is located off SC Highway 141 in Jasper County, South Carolina, approximately 10 miles from Interstate 95. The site contains 116.55 acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Bellavista Grove, LLC

#### **Improvements**

None

#### Taxes

### SLF III-SC EAST ARGENT LLC

ATLANTA GA, SC 303430000

Base Amount: \$1,300.75 Net Taxes: \$1,199.67 Penalties: \$0.00 Balance Due: \$0.00

Penalty Date
January 16
Feburary 2
March 17

Amount Due
3%
10%
15%

Description: PARCEL 3 B

Record Type: Property Receipt No.: 017643-15-3

Tax Year: 2015

Payment Status: Paid Paid Date: 1/15/2016 Paid Amount: \$1,199.67

Map No.: 067-00 -01-064

District: 03 Assessed Value: 0 Fair Market Value: 45,900

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### Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 98 of 1318 Excerpts from Bellavista Grove Appraisal

Area Data

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 116.55 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Belle Harbor Resort

Document ID: ECOVEST-DOJ\_0017582

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Belle Harbor Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Belle Harbor Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

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(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

	Unencumbered	Acres	FMV	
	Before Value	36.65	\$59,207,554	
,				

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	36.65	\$406,808	

CLARK ~ DAVIS, PC

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	36.65	\$59,207,554	
Less			
Total After Value (Encumbered)	36.65	<u>\$406,808</u>	
Value of the Easement	rounded	\$58,801,000	
74.00		<del>, , , , , , , , , , , , , , , , , , , </del>	

The Subject Property has two (2) reserved residential building sites and one (1) reserved recreational building site. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these three sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 104 of 1318 Excerpts from Belle Harbour Resort Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as
  described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows,
  or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty
  under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.
- Leah Partridge provided significant real property appraisal assistance to the person(s) signing this certification.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

CLARK ~ DAVIS, PC

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#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located off the Conway Bypass,

just south of the Highway 31 and Conway Bypass interchange, and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PDD (Planned Development District)

**Site:** 36.65 Acres

**Easement:** 36.65 Acres

**Reserved:** Two Residential Building Sites and One Recreational

**Building Site** 

Total: 36.65 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### <u>Information Furnished is Assumed to be Accurate</u>

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### Limited Use of Exhibits

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

#### Legal Description - Parcel "E"

All and Singular, all that certain piece, parcel or tract of land lying and situate in the City of North Myrtle Beach, Horry County, South Carolina and being referenced on a plat entitled Map of Parcel "D1" & "E" - Subdivision & Boundary Survey prepared for Diamond Grande Resort and Belle Harbor Resort by DDC Engineers, Inc. dated 7/20/15 and recorded in Plat Book 267, Page 79 and being more particularly described as follows:

Beginning at a concrete monument found being located on the northwestern right-of-way of the Atlantic intracoastal Waterway and the common corner between Reach 9, LLC and Horry County, South Carolina; thence along the right-of-way of the Atlantic Intracoastal Waterway \$ 56°19'49" W, 244.53' to ACOE Monument - Station 815+30.20; thence \$ 54°14'36" W 607.61' to ACOE Monument - Station 821+99.60; thence \$ 52°42'01" W428.00' to a 1/2" rebar at the common right-of-ways of the Atlantic Intracoastal Waterway and \$. C. Highway #22 - Conway Bypass; thence with eastern right-of-way of \$. C. Highway #22 - Conway Bypass along a curve to the right, having an arc length of 189.63', a radius of 1285.00', and a chord of N 21"46'45" W, 189.46' to 1/2" rebar; thence \$72"45'00" W, 1.00' to a concrete monument found; thence N 17°13'19" W, 1265.29'; thence N 17°13'19" W, 50.62' to a 1/2" rebar; thence along a curve to the right, having an arc length of 5611.34', and a chord of N 16°54'33" W, 49.38'; thence along a curve to the right, having an arc length of 956.58', a radius of 5611.34', and a chord of N 11°46'24" W, 955.43' to a 1/2" rebar being the common corner between Reach9, LLC and Horry County, South Carolina; thence \$ 45°34'01" E, 394.60' to a concrete monument found; thence \$ 46°11'22" E, 214.92' to a 14" gum tree; thence \$ 45°37'31" E,816.13' to a 1/2" rebar; thence \$ 45°44'43" E, 959.15' to the point of beginning and having an area of 36.64 acres, more or less.

This property is bounded on the east by Horry County, South Carolina, on the west by S.C. Highway #22 - Conway Bypass and on the south by the Atlantic Intracoastal Waterway.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 36.65 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

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Introduction

## Identification of the Subject Property

The Subject Property is located off the Conway Bypass, just south of the Highway 31 and Conway Bypass interchange, and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 36.65 acres.

## Prior Sales History

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

## Ownership

Belle Harbor Resort, LLC

## **Improvements**

None

#### **Taxes**

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed staining of soils: • Observed distressed vegetation: On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 36.65 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Birch Equestrian

Document ID: ECOVEST-DOJ\_0106846

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## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

\* Certified in AL, FL, MS, GA, CO † Certified in AL, GA

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

February 5, 2014

Mr. Edmund Cash, Manager Birch Equestrian, LLC P.O. Box 2579 Rome, GA 30165

RE: Conservation Easement Birch Equestrian
DeKalb County, Alabama

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317 I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 20, 2013, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	315.90	\$6,988,533
		,

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 20, 2013 is:

	Acres	Value/Acre	FMV	
After Value (Encumbered)	313.90	\$1000	\$313.900	

The value of the easement gift as of December 20, 2013 is as follows and is based upon the before and after method.

The subject property has two (2) reserved sites. The property can be subdivided into the same number of parcels as there are building lots. The parcels that result from the subdivision must contain a building area. There is no minimum or maximum size. These lots have good access and essentially can own the subdivided portion of the easement. For these reasons, I am applying a 10% enhancement to the reserved lots.

	Acres	Value/Acre	FMV
Before Value	315.90		\$6,988,533
Less			
After Value (Encumbered)	313.90	\$1000	\$313,900
Less			
2 Reserved Building Sites	2.0	\$15,000	\$30,000
10% Enhancement of Reserved Lots			<u>\$3,000</u>
Value of the Easement		rounded	\$6,642,000

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I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III AL License #G00024 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

**UNXII** 

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III AL License #G00024 State Certified General Real Property Appraiser

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## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located between Scenic Drive and the

Alabama/Georgia state line in DeKalb Country, Alabama.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purposes, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** February 20, 2014

**Date of Value Estimates:** December 20, 2013

**Date of Donation** December 20, 2013

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 315.90 Acres

**Easement:** 313.90 Acres

**Reserved:** 2.0 Acres (Two Sites)

**Total:** 315.90 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use

of Site as Though Vacant:

Before: Residential Development

After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Alabama or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

## LEGAL DESCRIPTION BIRCH EQUESTRIAN, LLC CONSERVATION EASEMENT

A Tract of land lying and being in Fractional Section 36, and Section 35, Township 4 South, Range 10 East, and fractional Section 1, and Section 2, Township 5 South, Range 10 East, Dekalb County Alabama, being more particularly described as follows; (Reference Deed Book 330 Pg 79-80)

Beginning at the Southeast corner of said Fractional Section 36, said point being on the Alabama-Georgia State Line;

Thence with said Alabama-Georgia State Line S 08°40'31" E 1375.02 feet;

Thence leaving said Alabama-Georgia State Line N 89°35'10" W 2119.42 feet to the center of the NW ¼ of section 1, Township5 South, Range 10 East;

Thence N00°56'10"E 1361.51 feet; to the NE corner of the NW ¼ of the NW ¼ of said section 1;

Thence N89°28'38"W 1320.46 feet to the NE corner of section 2, Township 5 South, Range 10 East:

Thence with the North Line of the NE ¼ of section 2 S 89°45'42" W 2632.50 feet to the NE corner of the NW ¼ of said section 2;

Thence with the East Line of said NW ¼ of section 2 S 00°13'43" E 2637.92 feet to the Center of said section 2;

Thence with the South Line of the NW ¼ of said section 2 N 89°59'08" W 2669.57 feet to the SW corner of said NW ¼ of section 2;

Thence with the West Line of said NW ¼ of section 2 N 00°27'04"E 388.64 feet the Easterly Boundary of Scenic Drive;

Thence with the Easterly Boundary of said Scenic Drive meander northeasterly along the following 25 calls;

```
N22°41'07"E, 429.64 feet; N28°10'39"E, 531.82 feet; N43°04'41"E, 276.16; feet; N38°40'34"E, 341.38 feet; N35°25'14"E, 246.40 feet; N28°13'27"E, 202.50 feet; N49°58'09"E, 134.12 feet; N74°11'45"E, 195.49 feet; N84°48'24"E, 174.96 feet; S88°10'27"E, 144.51 feet; N42°42'23"E, 148.81 feet; N14°39'30"E, 229.23 feet; N13°14'38"E, 201.39 feet; N16°58'55"E, 126.73 feet; N42°10'02"E, 117.39 feet; N52°45'10"E, 141.21 feet;
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N31°17'16"E, 150.56 feet; N26°34'50"E, 117.39 feet; N37°08'21"E, 178.95 feet; N45°00'58"E, 235.76 feet; N45°50'56"E, 215.74 feet; N45°00'12"E 198.51 feet; N53°02'10"E 197.87 feet; N51°16'59"E 196.38 feet; N55°05'21"E 156.06 feet;

Thence leaving the Easterly Boundary of said Scenic Drive, S 53°50'22"E 546.38 feet;

Thence E 79°46'41" E 627.15 feet; Thence S 82°06'05" E 1204.90 feet;

Thence S 82°57'32" E 1190.10 feet; Thence S 52°03'09" E 923.30 feet;

Thence S 77°22'48" E 788.52 feet; Thence S 58°10'02" E 251.27 feet;

Thence S89°28'09" E 114.54 feet to the Point of Beginning. (containing 315.9 acres, more or less)

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Introduction

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises the fourth step. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

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Introduction

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

#### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Rivers, Mountains, Bluffs). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for outdoor recreation oriented subdivisions that offer amenities such as lakes or rivers, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development, such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of significance is proximity to other recreational features such as national and state forests and parks. The specific parks and forests will be discussed in the DCF explanation later in the report.

Extraction and Allocation are methods that involve improved properties and they are not appropriate in this case.

Introduction

## Identification of the Subject Property

The subject property consists of one parcel located between Scenic Drive and the Alabama/Georgia state line in DeKalb County, Alabama. The site contains 315.90 +- acres.

## **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

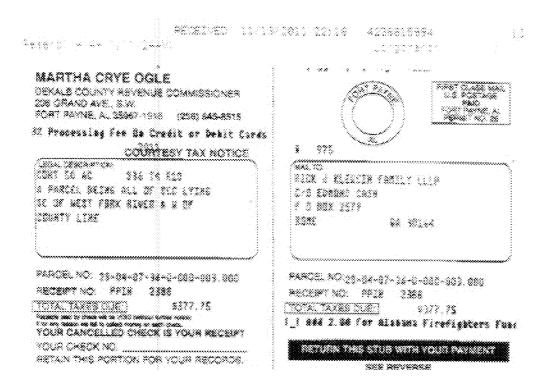
## Ownership

Birch Equestrian, LLC

### **Improvements**

None

#### Taxes



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Site Data

• Observed distressed vegetation: On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk":
On-Site: No; Adjacent: No
Observed noticeable odors:
On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

## Conclusion:

The subject property consists of approximately 315.90 +- acres, of which approximately 315.90 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Birkdale Landing

Document ID: ECOVEST-DOJ 0157468

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Birkdale Landing LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Birkdale Landing

31.67 acre Tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 11, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 11, 2017 is:

Unencumbered	Acres	FMV	
Before Value	31.67	\$39,436,576	
		·	
			•

The value of the Subject Property, subject to a perpetual conservation easement as of December 11, 2017 is:

Encumbered	Acres	FMV
Total After Value	31.67	\$200,672
		, ,
		,

The value of the easement gift as of December 11, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	31.67	\$39,436,576
Less		
Total After Value (Encumbered)	31.67	<u>\$200,672</u>
Value of the Easement	rounded	\$39,236,000

The encumbered property also includes one (1) reserved residential building site, which allow for the construction of either one residence or one resort building, but not both. While this site

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remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that this lot is not a build ready lot and will incur some development costs to make it so. Due to these facts, I have decided to value the site with an additional \$150,000 per site. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications
  (background, experience, education and membership in professional associations), I am qualified to make appraisals of real
  property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III

State Certified General Real Property Appraiser

SC License #AB 6768 CG

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 141 of 1318 Excerpts from Birkdale Landing Appraisal

## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located east of SC Highway 31 and

north of the Intracoastal Waterway in North Myrtle Beach,

Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** October 12, 2017

**Date of Value Estimates:** December 11, 2017

**Date of Donation** December 11, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4-I, Inland Multifamily Residential

**Site:** 31.67 Acres

**Easement:** 31.67 Acres

**Reserved:** One 2-acre Reserved Building Zone located within the

easement

**Total:** 31.67 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with a 2-acre

**Building Zone** 

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 143 of 1318 Excerpts from Birkdale Landing Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

ALL AND SINGULAR THAT CERTAIN PIECE PARCEL OR TRACT OF LAND, LYING AND BEING IN THE CITY OF NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA, DESIGNATED AS PARCEL S, 1,879,418 SQ. FT., 31.67 ACRES AS SHOWN ON THAT CERTAIN PLAT ENTITLED "BOUNDARY/SUBDIVISION SURVEY OF TRACTS 5, 68.7, LOCATED AT NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" DATED JULY 27, 2016 PREPARED BY THE BRIGMAN COMPANY AND RECORDED AUGUST 5, 2016 IN PLAT BOOK 271 AT PAGE 207, IN THE PUBLIC RECORDS OF HORRY COUNTY, SOUTH CAROLINA. SAID PARCELS HAVING SUCH METES, BOUNDS, COURSES, SHAPES AND DISTANCES AS WILL APPEAR BY REFERENCE TO THE AFORESAID PLAT WHICH IS INCORPORATED HEREIN AND MADE A PART OF AND PARCEL HEREOF WHICH PLAT IS CRAVED AS FORMING A PART OF THIS DESCRIPTION.

TOGETHER WITH A NON-EXCLUSIVE EASEMENT APPURTENANT TO THE ABOVE DESCRIBED PROPERTY, FOR INGRESS, EGRESS, AND THE INSTALLATION, REPAIR AND MAINTENANCE OF UTILITIES, OVER AND UPON THAT PROPERTY SHOWN AS "50" FUTURE PUBLIC RIGHT OF WAY", "FUTURE 50" PUBLIC RIGHT OF WAY", "FUTURE 50" PUBLIC RIGHT OF WAY (HATCHED AREA)", "FUTURE 50" PUBLIC R/W PER PLAT BOOK 267/264, AND "FUTURE 50" PUBLIC R/W PER PLAT BOOK 267/180" ON EACH OF THOSE PLATS RECORDED IN PLAT BOOK 267 AT 180, PLAT BOOK 267 AT 264, PLAT BOOK 271 AT 207 (COLLECTIVELY THE "EASEMENT PLATS"), TO THE EXTENT ANY PORTION THEREOF IS NOT LOCATED ON THE PROPERTY ABOVE DESCRIBED.

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCEL & POINT BEING MARKED BY HAVING 5/8" IRON REBAR FOUND AND HAVING S.C.STATE PLANE COORDINATES OF N 736,187.80, E 2,695,716.55 THENCE A LINE BOUNDED TO THE NORTH BY S.C.P.S.A 100" RIGHT OF WAY AND BOUNDED TO THE SOUTH BY THE SUBJECT TRACT THE FOLLOWING BEARINGS & DISTANCES:

N 67" 02" 24" E 998.08" TO 5/8" IRON REBAR FOUND

N 66" 57" 12" £ 68 33" TO 5/8" IRON REBAR FOUND

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY CAMELLIA STATION, LLC AND BOUNDED TO THE WEST BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

5 21" 40" 22" 6 1344.95" TO 5/6" IRON REBAR FOUND

THENCE A L	DMUOB 3MI.	ED TO THE S	daaj ye rtuo	S NOW OR F	ORMERLY OV	NNED BY ARCA!	,YAUQ MAK
LLC AND BO	DUNDED TO	THE NORTH	BY THE SUBJEC	T TRACT THE	FOLLOWING	BEARING AND	DISTANCE:

5 68" 19" 38" W 796,49" TO 5/6" IRON BEBAR FOUND

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY ARCADIAN QUAY, LLC BOUNDED TO THE WEST BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES:

S 22° 59' 47" E 838.47' TO 5/8" IRON REBAR FOUND

\$ 24" 32" 42" £ 632,46" TO 5/8" IRON REBAR FOUND

THENCE A LINE BOUNDED TO THE SOUTH BY INTRACOASTAL WATERWAYAND BOUNDED TO THE NORTH BY THE SUBJECT PROPERTY THE POLLOWING BEARING AND DISTANCE:

5 69° 29' 56" W 100.25' TO 5/8" IRON REBAR FOUND

THENCE A LINE BOUNDED TO THE WEST BY PELICAR BAY SUPDIVISION AND BOUNDED TO THE EAST BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES:

N 24" 92" 42" W 625.39" TO \$/8" IRON BEBAR FOUND

N 22" 59" 47" W 830,46 TO 5/8" IRON REBAR FOUND

N 25" 40" 35" W 260,25" TO 5/8" IRON REBAR FOUND

N 20142121" W 124,95" TO 5/8" IRON REBAR FOUND

N23" 08' 55" W 110.56' TO 5/8" IRON REBAR FOUND

THENCE A LINE BOUNDED TO THE WEST BY PALMETTO MAIN STREET PARTNERS AND BOUNDED TO THE EAST BY THE SUBJECT PARCEL THE FOLLOWING BEARING & DISTANCE:

N 23" 53" 17" W 839.38 TO 5/8" IRON REBAR FOUND

THENCE BACK TO SAID POINT OF BEGINNING. TRACT CONTAINS 1,379,418 SQ. FT. / 31,57 ACRES

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Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 31.67 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)

Area Data

- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none.

# Before and After Method of Valuation of a Conservation Easement

The following was extracted from the IRS code and not only supports, but mandates an assessment of the property's highest and best use.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution."

Area Data

# **Identification of the Subject Property**

The Subject Property is located on the south of Carolina Bays Parkway and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 31.67 acres.

# **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

# Ownership

Birkdale Landing, LLC

**Improvements** 

None

**Taxes** 

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

• Observed staining of soils:

• Observed distressed vegetation:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

 Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 31.67 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Brunswick Highlands

Document ID: ECOVEST-DOJ 0108629

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 20, 2013

Donald Johnson Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Brunswick Highlands
Brunswick County, North Carolina
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

Dear Mr. Johnson:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

1

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 20, 2013, and before the Subject Property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	373.45	\$32,383,584

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 20, 2013 is:

	Acres	Value/Acre	FMV	
After Value – Land Only (Encumbered)	373.45	\$3,000	\$1,120,350	

There will be five areas designated for the construction of residences and related residential uses. The five areas are specified and may be subdivided from the eased area into as many parcels as there are reserved lots. Now they are not developed lots. They have no utilities, no all-weather access; they are not cleared for development. All utilities must be underground that would be required to develop the lots. Access must be approved by the land trust. Given the expense of such development, I do not think that the lots have any value over and above the overall land value. There is no enhancement.

The Subject Property is held by an LLC that may have the same beneficial owners that own nearby property. As such there may or may not be enhancement. The appraisal is made under the extraordinary assumption that at the time of the granting of the easement the Subject Property will have membership that is not common to any others and there will be no related party issues, larger parcels or enhancement to account for.

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The value of the easement gift as of December 20, 2013 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	373.45		\$32,383,584
Less			
After Value (Encumbered)	373.45	\$3,000	<u>\$1,120,350</u>
Value of the Easement		rounded	\$31,263,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III NC License #7166 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 156 of 1318 Excerpts from Brunswick Highlands Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows,
  or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty
  under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.

dulut

- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III NC License #7166

State Certified General Real Property Appraiser

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# **Summary of the Appraisal**

Conservation Easement **Property Type:** 

Location: The subject is located off Andrew Jackson Highway

outside Leland in Brunswick County, North Carolina. It is

adjacent to the Compass Pointe development.

To estimate, for federal and state income tax purposes, the **Purposes of the Appraisal:** 

market value of the conservation easement.

To estimate the market value of a conservation easement. **Function of the Appraisal:** 

**Date of the Appraisal Report:** December 20, 2013

**Date of Value Estimates:** December 20, 2013

**Date of Donation** December 20, 2013

**Property Rights Appraised:** Before: Fee Simple Interest

> Fee Simple Interest Subject to Easement After:

**Zoning:** PUD (Planned Unit Development); allows for mixed use

housing development

Site: 373.45 Acres

**Easement:** 373.45 Acres

5 sites **Reserved:** 

Total: 373 45 Acres

**Improvements:** None

High and Best Use Before: Residential Development After:

Recreational / Green Space of Site as Though Vacant:

Appraiser: Claud Clark III as an Employee and Sole Owner of

> Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of North Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

# **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

### **LEGAL**

The "East Tract, 16030870.1 Sq. Ft., 368.0 AC" as shown on a map thereof recorded in Map Cabinet 74, Pages 94-95 of the Brunswick County Registry, Brunswick County, North Carolina, and "Parcel 3, 237460.2 Sq. Ft., 5.45 AC" as shown on a map thereof recorded in Map Cabinet 75, Pages 4-5 of the Brunswick County Registry, Brunswick County, North Carolina.

Included in this legal description is a small 5.45-acre island that cannot be developed due to ecological purposes. Due to this fact, the island is not represented in the yield plan, but is included in both the Before and After acreage of the Subject Property.

Introduction

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market Area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D.Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

Introduction

# **Identification of the Subject Property**

The Subject Property consists of parcels located off Andrew Jackson Highway outside Leland in Brunswick County, North Carolina. This property adjoins an existing development known as Compass Pointe. The site contains 373.45+- acres.

# **Prior Sales History**

There have been no sales of this property within the last three years. The Subject Property is not listed for sale.

# Ownership

Brunswick Highlands, LLC

# **Improvements**

None

### Taxes

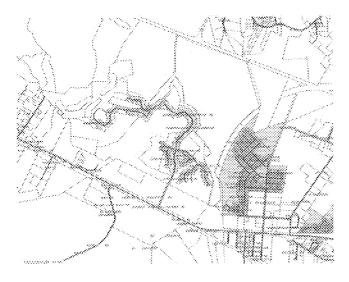
# Property Tax Estimate:

The following is a larger parcel that encompasses the Subject Property. The taxes for this larger parcel are \$1.25 an acre. I am using the \$1.25 an acre to estimate the taxes on the Subject's 373.45 acres for a total of \$466.81.

\$000000\$#13001357Q	\$69.4×1003.00	Lost Trone Date:	Building Value:	G Correct Belence:	5538 502
49 PKXXXXXXXX \$2.0	Parcent # 322 (5000) 2	Loss Payment :	Outhoriding Volum	@ Weighted Lover	\$558,900
	Ø3nØ:		kand Value:	2,733,632 Porsonal Value:	<b>3</b>
	Excesse:		Parcel Value Total:	1,733,632 Your Valuation:	33,370
PG \$600 3596?	Status:		Enformed Volum:	2,593,450 Examption:	80
AREMENICACIONRESSAGES	Legal Observintion: 452,73, 403655-91,63, 33,/536-452,734AC		Taxable Volum:	38,479	3

Youres work from

Description	teried	Interest/Fees	Reseased	ධ්රව්රෙක්ක්	Secretary
BRUNSWICK OBUNIY	348.50	6.06	0,00	\$.98	188.3%
LELANC: FIRE	#69.60	4.84	4.54	\$.88	489,638
Yotala	98.88	8.08	5.60	<b>7.00</b>	888,888



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Site Data

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

- Observed staining of soils: On-Site: No; Adjacent: No
- Observed distressed vegetation: On-Site: No; Adjacent: No
- Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":
   On-Site: No;
- Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 373.45 +- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

There is an existing development adjoining the subject property. The adjoining development has the same soil characteristics of the subject.

# Excerpts from appraisal of: Camellia Station

Document ID: ECOVEST-DOJ 0069751

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Camellia Station LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Camellia Station, LLC

45.2 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2016 is:

Unencumbered	Acres	FM∨
M Before Value	45.2	\$53,627,227

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2016 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	45.2	\$222,320	
		·	

The value of the easement gift as of December 15, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	45.2	\$53,627,227
Less		
Total After Value (Encumbered)	45.2	\$222,320
Value of the Easement	rounded	\$53,405,000

The encumbered property also includes one (1) reserved building for either one residence or one resort. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that the lot is not a build ready lot and will incur some development costs to make it so. The site will be constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or

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otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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# Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG

State Certified General Real Property Appraiser

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### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located off Sandridge Road, south of

Carolina Bays Pkwy and west of Robert Edge Pkwy. It is north of the Intracoastal Waterway in North Myrtle Beach,

Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 15, 2016

**Date of Donation** December 15, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4, R4I and RC (Resort Residential, Inland Multifamily

Residential and Resort Commercial)

Site: 45.2 Acres

**Easement:** 45.2 Acres

**Reserved:** One reserved 1.0 acre building site

Total: 45.2 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

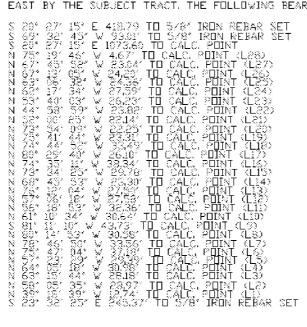
Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

# LEGAL DESCRIPTION

BEGINNING AT A POINT ON THE MORTH WESTERN CORNER OF SAID PARCEL AND POINT BEING MAKRED BY HAVING S/8 IRON REBAR SET AND HAVING SC STATE PLANE COORDINATES OF N 736,857.86 AND E 8,696,889.79 THENCE A LINE BOUNDED TO THE EAST BY SANDRINGE ROAD EXTENSION THE FOLLOWING BEARINGS AND DISTANCES:
N 78° 58° 09′ E 555.10° TO 1° IRON PIPE FOUND
N 69° 26° 90′ E 1095.41° TO 378° IRON REBAR SET

THENCE A LINE BOUNDED TO THE WEST BY PARCEL 3 A, AND BOUNDED TO THE EAST BY THE SUBJECT TRACT. THE FOLLOWING BEARINGS AND DISTANCES:



THENCE A LINE BOUNDED TO THE SOUTH BY MARCEL S, AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES:

\$ 68° 19° 38° W A DISTANCE OF 85714° TO 578° IRON REBAR SET \$ 68° 19° 36° W A DISTANCE OF 89.58° TO 578° IRON REBAR SET (L29)

THENCE A LINE BOUNDED TO THE SOUTH BY PARCEL 3, AND BOUNDED TO THE WORTH BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES:

S 68° 191 38' W A MISTANCE OF 93,32' TO S/8' IRON REBAR SET (L38)

THENCE A LINE NORTH BOUNDED TO WEST BY PARCEL 7 AND TO THE EAST BY THE SUBJECT TRACT. THE FOLLOWING BEARINGS AND DISTANCES:
N 81° 40° 88° W A DISTANCE OF 1344,85°
THENCE BACK TO POINT OF BEGINNING. TRACT CONTAINS 45.88 ACRES

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, as well as national valuation services, such as RS Means and Marshall and Swift. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 45.2 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

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Introduction

# **Identification of the Subject Property**

The subject is located off Sandridge Road, south of Carolina Bays Pkwy and west of Robert Edge Pkwy. It is north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 45.2 acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

Camellia Station, LLC

# **Improvements**

None

Taxes

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Site Data

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 45.2 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Cane Creek

Document ID: CC IRSAUD00035292

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \* Certified General Real Property Appraiser Kathy P. Davis Certified Residential Appraiser Laura Fullington † Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

March 19, 2013

Cane Creek Partners, LLC

RE: Conservation Easement Cane Creek Van Buren County, Tennessee Appraisal of Market Value before the Conveyance; Market Value after the Conveyance; Market Value of the Easement Gift

To Whom It May Concern:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

Foothills Land Conservancy 373 Ellis Avenue Maryville, Tennessee 37804

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I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 26, 2012, and before the Subject Property is encumbered by the easement is as follows:

	Acres	FMV
Before Value	345.74	\$10,515,485

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 26, 2012 is:

After Value (Engumbered)	Acres 345.74	Value/Acre	FMV	
After Value (Encumbered)	345.74	\$1,000	\$345,740	

The Subject Property has two (2) 2-acre reserved homesites. The two homesites are encumbered by the CE and subdivision of the CE into two large parcels is allowed, so that each homesite would have a share of the easement area. This reduces the overall value of the two homesites, being that the final "product" that could be sold is a 150-acre parcel upon which you can build one house of limited size, in a non-optimal area. The homesites cannot be separately sold as 2-acre parcels. There is no enhancement.

The value of the easement gift as of December 26, 2012 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	345.74		\$10,515,485
Less			
After Value (Encumbered)	345.74	\$1,000	<u>\$345,740</u>
Value of the Easement		rounded	\$10,170,000

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 187 of 1318 Excerpts from Cane Creek Appraisal

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

The after valuation is made under the assumption that the easement has been granted. It has not been granted.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

UnkIII

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 191 of 1318 Excerpts from Cane Creek Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on Highway 30 near Spencer in Van

Buren, Tennessee.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** March 19, 2013

**Date of Value Estimates:** December 26, 2012

**Date of Donation** December 26, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 345.74 Acres

Easement: 341.74 Acres

**Reserved:** 4 Acres

Total: 345.74 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

## Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 193 of 1318 Excerpts from Cane Creek Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

# Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

## **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

# The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

## **LEGAL**

345.74 Acre

Beginning at a ½" dia. rebar set in the south margin of Highway 30, said rebar being 30' south of the center-line passageway of said highway, and also being the northwest corner of Barry E. Austin, (WDB 12-298, ROVBCT),

Thence leaving said highway with Austin, S 02°16'27"W, 1643.71' to a ½" dia. rebar set at a steel post found,

Thence S 88°03'44"E, 1648.26' to a ½" dia. rebar set at a steel post found,

Thence N 01°43'21"E, 684.86' to a stone found being the southeast corner of Theron Soloman, (WDB 10J-539, ROVBCT),

Thence with Solomon, N 03°29'23"E, 265.87' to a ½" dia. rebar set in the south margin of Highway 30,

Thence with said highway, S 57°58'57"E, 216.41',

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S 58°28'18"E, 78.54',
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S 47°36'17"E, 49.80' to a ½" dia. rebar set being the corner of Norma Jean Walker, (WDB 27E-712, ROVBCT),

Thence leaving said road with Walker, N 87°04'59"W, 363.54' to a ½" dia. rebar set at a steel post,

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Thence S 06°08'18"W, 2677.51' to a ½" dia. rebar set at a steel post in the line of MGI Inc., (WDB 13-884, ROVBCT),

Thence with MGI, N 83°58'24"W, 386.30' to an iron pin found,

Thence with Grandview Golf Club Inc., (WDB RB7-78, ROVBCT), N 83°56'40"W, 531.73' to a ½" dia. rebar set at a steel post,

Thence N 84°02'31"W, 192.07' to an iron pin found,

Thence with Mountain Village Investment Group, LLC, (WDB RB11—75, ROVBCT), N 84°06'02"W, 1127.03' to a steel fence post,

Thence N 83°35'03"W, 273.07' to an iron pin found,

Thence with Grandview Golf Club Inc., (WDB RB7-78, ROVBCT), N 83°57'09"W, 1856.70' to an iron pin found,

Thence N 84°03'23"W, 770.81' to a ½" dia. rebar set at a steel post, corner of State Of Tennessee, (WDB 14-100, ROVBCT),

Thence with State Property, N 05°47'55"E, 1302.85' to a steel post,

Thence N 05°20'49"E, 983.94' to a point,

Thence leaving State property with a severance line of Tennessee Overlook LLC, N 88°20'14"E, 788.23' to a point,

Thence N 09°38'15"E, 1091.64' to a point,

Thence N 31°33'04"E, 164.69' to a point,

Thence N 39°18'09"E, 711.92' to a point in the south margin of Highway 30,

Thence with said highway, S 60°31'07"E, 252.70',

S 60°31'18"E, 108.26'.

N 60°16'47"W, 243.79',

S 59°59'42"E, 322.96',

S 60°22'19"E, 159.85',

S 60°23'04"E, 73.78',

S 62°09'54"E, 66.95',

S 64°04'15"E, 64.82'

S 66°04'31"E, 295.98' to the point of beginning containing 345.74 acres as surveyed by Allen Nail, RLS #1794, dated 02-02-07. (307J)

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises Step 4. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

## Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of significance is proximity to other recreational features such as national, state forests, and golf courses. This property adjoins a golf course and is very close to Fall Creek Falls State Park and Bledsoe State Forest.

# **Identification of the Subject Property**

The Subject Property consists of one parcel located in on Highway 30 near Spencer in Van Buren County, Tennessee. The site contains 345.74+- acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# **Ownership**

Cane Creek Partners, LLC

# **Improvements**

None

# **Taxes**

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Site Data

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk":

On-Site: No; Adjacent: No
Observed noticeable odors:

On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 345.74 +- acres, of which approximately 345.74 +- acres are effectively usable land.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Carolina Bays Resort

Document ID: ECOVEST-DOJ 0129432

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 30, 2014

Jack Sawyer Alston & Bird, LLP 1201 West Peachtree Street NW, #4200 Atlanta, GA 30309 Jack.sawyer@alston.com

RE: Conservation Easement Appraisal

Carolina Bays Resort (116-acre tract) North Myrtle Beach, Horry County, SC

Dear Mr. Sawyer:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

1

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 30, 2014, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 30, 2014 is:

	Unencumbered	Acres	FMV	
	Before Value	116	\$53,180,304	
	I			
,				

The value of the Subject Property, subject to a perpetual conservation easement as of December 30, 2014 is:



The value of the easement gift as of December 30, 2014 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	116	\$53,180,304
Less		
Total After Value (Encumbered)	116	\$2,179,800
Value of the Easement	rounded	\$51,000,000

The Subject Property has five (5) reserved building sites. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these five sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or

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otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.

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- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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# **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located east of Highway 31 and west of the

Intracoastal Waterway in North Myrtle Beach, Horry

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 30, 2014

**Date of Value Estimates:** December 30, 2014

**Date of Donation** December 30, 2014

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4 Resort Residential

**Site:** 116 +- Acres

**Easement:** 116 +- Acres

**Reserved:** Five 1.5-acre Reserved Sites

**Total:** 116 +- Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

## Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

ALL AND SINGULAR, all that certain piece, parcel or tract of land situate, lying and being in Little River Township, Horry County, South Carolina, being more particularly described as "Tract E containing 115.737 AC. ±", as shown on plat entitled "McDuffy Tract, Canal Holdings, LLC Tract, Gibson-Wall Company Tract, H.F. Bell Tract and R.E. Bell No. 2 Tract", prepared by Thomas & Hutton Engineering Co., dated March 25, 2005, and recorded June 1, 2005, in Plat Book 205, at Pages 156 through 156D, in the office of the Register of Deeds for Horry County, South Carolina, reference to which is hereby craved as forming a part and parcel hereof.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 214 of 1318 Excerpts from Carolina Bays Resort Appraisal

Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 116 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

# **Identification of the Subject Property**

The Subject Property is located east of Highway 31 and west of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 116+- acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

Carolina Bays Resort, LLC

# **Improvements**

None

## **Taxes**

# **Record Information**

Receipt #: 298554133

Status: Paid

Date Paid: 91/14/14

## Tax Information

Name:	SLF IV/SBI SANDRIDGE LLC
Tax Year:	2013
Assessment Value:	1840
District/Levy:	550 / 175.4
City/Levy:	NM / 038.

# **Property Information**

Record Type: Real Estate
Map Number: 143-00-01-078

SC DOR#:

Market Value: 30,660 Description: LEWIS TR DUFFIE

Taxes

County Tax:	\$322.74
City Tax:	\$69.92
Fees:	\$0.00
Residential Exemption:	\$0.00
Homestead Exemption:	\$0.00
Other Exemptions:	\$0,00
Local Option Credit:	\$8,00
Penalty:	\$0.00
Cost:	\$5.00
Total Taxes:	\$392.66

Total Paid: \$392.66

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed staining of soils: • Observed distressed vegetation:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

On-Site: No; Adjacent: No Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 116+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Cayo Dorado

Document ID: ECOVEST-DOJ 0153542

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Cayo Dorado LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Cayo Dorado, LLC

436.31-acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 7, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 7, 2017 is:

Unencumbered	Acres	FM∨	
Before Value	436.31	\$78,217,031	

The value of the Subject Property, subject to a perpetual conservation easement as of December 7, 2017 is:

Encumbered	Acres	FMV	
Total After Value	436.31	\$1.108.960	

The value of the easement gift as of December 7, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	436.31	\$78,217,031
Less		
Total After Value (Encumbered)	436.31	<u>\$1,108,960</u>
,		
Value of the Easement	rounded	\$77,108,000

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The encumbered property also includes two (2) reserved building zones that allow for the construction of one residence each and one recreational building. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, require an additional value over that of the per acre value of the encumbered property. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided to value the building zones at \$5,000 per acre, or \$40,000. It will be added to the indicated fair market value of the encumbered property. There is no enhancement.

he attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TX License #TX 1380003 G State Certified General Real Property Appraiser

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### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of the storm on the prospective projects.

# **CLARK** ~ **DAVIS**, **P.C**. REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

September 8, 2017

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- \* Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- \* Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Cayo Dorado will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

### RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 29, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Cayo Dorado, Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development of Cayo Dorado include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019, and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue.

Sincerely,

Ralph S. Bowden

Ralph S Bowden

President President

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications
  (background, experience, education and membership in professional associations), I am qualified to make appraisals of real
  property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 1380003G State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway

185 and north of the Intracoastal Waterway, just west of

Port O'Connor, Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** June 13, 2017

**Date of Value Estimates:** December 7, 2017

**Date of Donation:** December 7, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 436.31 Acres

**Easement:** 436.31 Acres

**Reserved:** Two Reserved Building Zones located within the easement

**Total:** 436.31 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with one 3-acre

building zone and one 5-acre building zone

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis. PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal,
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

EXHIBIT "A"

436.31 ACRES

THE STATE OF TEXAS)
THE COUNTY OF CALHOUN)

**BESNG** a 436.31 acre tract of land situated in a portion of the Cisto Garcia Survey, Abstract No. 14 and a portion of the Failstino Albarado Survey, Abstract No. 1, Calhoun County, Texas, being comprised of portions of Lot 3, Section 1; Lot 4, Section 2; Lots 1 & 4, Section 5, Lots 2 & 3, Section 6; Lots 2 & 3, Section 7; and Lots 1 & 2, Section 8, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Conner Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Deed Records, Calhoun County, Texas, and being a part of that remaining called 12,228.52 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated March 27, 2015, conveyed from Texas Ranch Holdings, LtC to Texas Coastal Ranches, Inc. as recorded in instrument No. 142897 of the Official Public Records, Calhoun County, Texas, said 436.31 acre tract being more particularly described by metes and bounds as follows:

**BEGINNING** at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the south line of State Highway No. 185 (a Variable Width Right-of-Way), being along the north line of the aforesaid 12,228.52 acre tract, same being the north line of a Right-of-Way Easement, described as Part II, a called 8.163 acre tract of land, conveyed to the State of Texas as recorded in Volume 263, Page 509 of the Deed Records, Calhoun County, Texas for the northeast corner of the herein described fract, from which a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the northwest corner of a called 399.19 acre tract of land conveyed to TCR Land Holdings, LLC as recorded in Instrument No. 149121 of the Official Public Records, Calhoun County, Texas bears North 83°58'28" East, a distance of 1773.97 feet;

THENCE, South 25°50'49° East, departing the south right-of-way line of said State Highway No. 185, over and across said 12,228.52 acre tract, at a distance of 11166.59 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance of 11428.26 feet to a point along the southeasterly line of said 12,228.52 acre tract marking the southwest corner of said 399.19 acre tract for the southeast corner of the herein described tract;

**THENCE**, South 62°05'55" West, along the southeasterly line of said 12,228.92 acre tract, a distance of 1544.86 feet to a point along the southeasterly line of said 12,228.52 acre tract marking the south most corner of the herein described tract;

THENCE, North 25°50'49° West, over and across said 12,228.52 acre tract, at a distance of 295.60 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance of 1495.42 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner of the herein described tract;

**THENCE**, N 64°09'11" E, continuing across sald 12,228.52 acre tract, a distance of 450.00 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC," marking an interior corner for the herain described tract:

THENCE, N 25°50'49" W, continuing across said 12,228.52 acre tract, a distance of 750.00 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an interior corner for the herein described tract;

1

#### EXHIBIT "A"

THENCE, 5 64"09"1.1" W, continuing across said 12,228.52 acre tract, a distance of 575.00 feet to a set 5/8" steel rehar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner for the herein described tract;

**THENCE**, N 25°50'49" W, continuing across said 12,228.52 acre tract, a distance of 9839.76 feet to a set. 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the north line of said 12,228.52 acre tract and said Right-of-Way Easement and being along the south right-of-way line of said State Highway No. 185 for the northwest corner of the herein described tract;

THENCE, North 83°58'28" East, along the south right-of-way line of said State Highway No. 185, with the north line of said 12,228.52 acre tract and said Right-of-Way Easement, a distance of 1773.97 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 436.31 acre tract of land, more or less

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in May, 2017 and are true and correct to the best of my knowledge and belief.

05/26/2017

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 6616

\$21864.01 - Tract 2: 436.31 Acres

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Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 436.31 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction

Area Data

#### Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales

Area Data

### **Identification of the Subject Property**

The subject is located off of State Highway 185 (Adams Street) and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 436.31 acres.

#### **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

#### **Ownership**

Cayo Dorado, LLC

**Improvements** 

None

Taxes

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Site Data

On-Site: No; Adjacent: No

Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 436.31 acres.

• Observed staining of soils: • Observed distressed vegetation:

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Cayo Marsopa

Document ID: ECOVEST-DOJ 0078704

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Cayo Marsopa LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Cayo Marsopa, LLC

399.19 acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust172, 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 19, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 19, 2016 is:

Ī	Unencumbered	Acres	FMV	
	Before Value	399.19	\$64,111,302	

The value of the Subject Property, subject to a perpetual conservation easement as of December 19, 2016 is:



The value of the easement gift as of December 19, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	399.19	\$64,111,302
Less		
Total After Value (Encumbered)	399.19	<u>\$979,591</u>
Value of the Easement	rounded	\$63,132,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

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Claud Clark III TX License #3890

State Certified General Real Property Appraiser

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.

llwlg

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 3890 State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway

185 and north of the Intracoastal Waterway, just west of

Port O'Connor, Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 19, 2016

**Date of Donation** December 19, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 399.19 Acres

**Easement:** 397.69 Acres

**Excluded:** 1.5 Acres

**Total:** 399.19 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### TRACT 2 399.19 ACRES

THE STATE OF TEXAS}
THE COUNTY OF CALHOUN)

**BEING** a 399.19 acre tract of land situated in a portion of the Cleto Garcia Survey, Abstract No. 14 and a portion of the Faustino Albarado Survey, Abstract No. 1, Calhoun County, Texas, being comprised of portions of the Paul 2 & 3, Section 4; a portion of Lot 2, Section 9, Block "A" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page 1, of the Dead Records, Calhoun County, Texas and portions of Lot 1 & 4, Section 6; a portion of Lots 1-4, Section 7, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Dead Records, Calhoun County, Texas, and being a part of that remaining called 12, 228.52 acre tract of land as described by Special Warranty Dead with Vendor's Lien dated March 27, 2015, onsweyed from Texas Ranch Holdings, LLC to Texas Coastal Ranches, Inc. as recorded in Instrument No. 182897 of the Official Public Records, Calhoun County, Texas, said 399.19 acre tract being more particularly described by metes and bounds as fallows:

**BEGINNING** at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SCRIVENING, INC." along the south line of State Highway No. 185 (a Variable Width Right-of-Way), being along the north line of the aforesald 12,228.52 acre tract and the north line of a Right-of-Way Basement, described as Part 8 a called 8.163 acre tract of land, conveyed to the State of Fexas as recorded in Valuma 263, Page 509 of the Deed Records. Calhoun County, Texas for the northeast corner of the herein described tract, from which the northeast corner of said 12,228.52 acre tract bears North 83"58"28" East, a distance of 4579.80 feet and from which a found 5/8" steel rebar marking the northwest corner of a called 1019.707 acre tract of land conveyed to Churda, 1td. as recorded in Volume 419, Page 374 of the Official Public Records, Calhoun County, Texas bears South 25"50'49" East, a distance of 13.00 feet;

**THENCE**, departing the south right-of-way line of said State Highway No. 185, over and across said 12,228.52 acre tract, and with the common boundary line of the hereto described and surveyed this day. Tract 1, the following courses and distances:

- with a curve turning to the laft having an arc length of 239.15 first, with a radius of 500.00 feet, with a debta angle of 27°26'18", having a chord bearing of South 19°09'17" East, and a chord length of 236.88 feet to a point of tangency for this herein described tract;
- South 32"S1'26" East, a distance of 487.39 feet to a point of curvature to the left for the herein described tract;
- with a curve turning to the left having an arc length of 293.57 feet, with a radius of 800.00 feet, with a delta angle of 21 '01'33', having a chord bearing of 50uth 43' 22'32' East, and a chord length of 293.93 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the right flaving an arc length of 486.24 feet, with a radius of 300.00 feet, with a selfa angle of 92°51°54", having a chord bearing of South 07°27°02" East, and a chord length of 434.74 feet to a point of compound curvature for the herein described tract;
- with a compound curve furning to the right having an arc length of 373.73 feet, with a radius of 1000.00 feet, with a delta angle of 21°26'47", having a chord bearing of South 43°41'18" West, and a chord length of 371.56 feet to a point of reverse curvature for the herein described tract;

3

- with a reverse curve turning to the left having an arc length of 674.56 feet, with a radius of 600.00 feet, with a defta angle of 64°25'30", having a chord bearing of South 28°10'57" West, and a chord length of 639.57 feet to a point of tangency for the herein described tract;
- South 03°56'77" East, a distance of 592.66 feet to a set 5/8" steel rebar to a point of curvature to
  the left for the herein described tract;
- with a curve turning to the right having an arc length of 455.32 feet, with a radius of 877.08 feet, with a delta angle of 29°44'38", having a thord bearing of South 10°55'32" West, and a chord length of 450.22 feet to a point of compound curvature for the herein described tract;
- with a compound curve turning to the right having an arc length of 230,00 feet, with a radius of 500,00 feet, with a delta angle of 24°05°52", having a chord bearing of South 37°50°07" West, and a chord length of 208,46 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the left having an arc length of 454.89 feet, with a radius of 400.00 feet, with a delta angle of 65°09'30", having a chord bearing of South 17°17'38" West, and a chord length of 430.77 feet to a point of reverse curvature for the herein described tract:
- with a reverse curve turning to the right having an arc length of 255.42 feet, with a radius of 500.00 feet, with a delta angle of 28°16'06", having a chard bearing of South 00'39'24" East, and a chard length of 252.65 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the left having an arc length of 649.55 feet, with a radius of 500.00 feet, with a delta angle of 74°26°00°, having a chord bearing of South 23°14°23° East, and a chord length of 604.93 feet to a point of reverse curvature for the herein described tract;
- with a rayerse curve turning to the right having an arc length of 302.02 feet, with a radius of 500.00 feet, with a dalta angle of 34°36'32", having a chard bearing of South 43°09'05" East, and a chard length of 297.45 feet to a point of reverse curvature for the herein described tract;
- South 26°50'49" East, at a distance of 6064.36 feet passing a set 5/8" steel rebar with yellow
  plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance
  of 5289.36 feet to a point marking the south corner of the hereto described Tract 2 and being
  elong the southeasterly line of said 12,228.52 acre tract for the southeast corner of the herein
  described tract;

THENCE, South 62°95'55" West, along the southeasterly line of said 12,228.52 were tract, a distance of 1200.00 feet to a point marking the south corner of the herein described tract;

THENCE. North 25°50'49" West, over and across sent 12,228.52 acre tract, at a distance of 225.00 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." and continuing for a total distance of 10706.87 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." being along the south right-of-way of said State Highway No. 385 and being on the common north line of said 12,228.52 acre tract and said Right-of-Way Easement for the northwest corner of the herein described tract.

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TMENCE, North 83°58'28° East, along the couth right-of-way line of said State Highway No. 185, with the common north line of said 12,228.52 acre tract and said Right-of-Way Essement, a distance of 3308.60 fact to the POINT OF BEGINNING, CONTAINING within these meters and bounds a 395-19 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4304).

Reference is made to that Plat accompanying this Legal Description.

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in August, 2016 and are true and correct to the best of my knowledge and belief.

Urban Surveying, Inc. By: Michael X. Williams Registered Professional Land Surveyor Texas No. 8616

\$21741.00 - Yract 2: \$99.19 Acres

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 399.19 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

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Introduction

### **Identification of the Subject Property**

The subject is located off of State Highway 185 (Adams Street) and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 399.19 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

Ownership

Cayo Marsopa, LLC

**Improvements** 

None

**Taxes** 

Site Data

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 399.19 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Coastavista Palms

Document ID: ECOVEST-DOJ 0038749

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Jack Sawyer
Alston & Bird, LLP
1201 West Peachtree Street NW, #4200
Atlanta, GA 30309
Jack.sawyer@alston.com

RE: Conservation Easement
Appraisal Coastavista Palms
213.96 acre tract, Jasper County, South Carolina

Dear Mr. Sawyer:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

1

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of October 28, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of October 28, 2016 is:

Unencumbered	Acres	FMV	
Before Value	213.96		

The value of the Subject Property, subject to a perpetual conservation easement as of October 28, 2016 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	213.96	\$320,940	

The value of the easement gift as of October 28, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	213.96	\$31,207,737	
Less			
Total After Value (Encumbered)	213.96	<u>\$320,940</u>	
Value of the Easement	rounded	\$30,887,000	

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. While these sites do maintain limited building rights, as defined by the easement, the limited access to the property, limits the value above that of the encumbered property. It should also be noted that these lots are not build ready and will require such things as access, lot clearing, and utility installation. Due to these facts, I do not feel that these sites warrant any additional value above that of the overall per acre value of the encumbered tract. No enhancement needed.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 265 of 1318 Excerpts from Coastavista Palms Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off SC Highway 141 in Jasper

County, South Carolina, approximately 10 miles from

Interstate 95.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** October 28, 2016

**Date of Donation**: October 28, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PDD (Planned Development District)

**Site:** 213.96 Acres

**Easement:** 213.96 Acres

**Reserved:** One Residential Building Site and One Recreational

**Building Site** 

**Total:** 213.96 Acres

**Improvements:** None

High and Best Use

Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 270 of 1318 Excerpts from Coastavista Palms Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

Coastavista Palms, LLC – Northeast Tract B

ALL AND SINGULAR, THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND, SITUATE, LYING AND BEING IN THE CITY OF HARDEEVILLE, JASPER COUNTY, SOUTH CAROLINA, BEING DESIGNATED AS "NORTHEAST TRACT B", CONTAINING 213.956 ACRES, MORE OR LESS, AND BEING MORE FULLY SHOWN ON THAT CERTAIN PLAT ENTITLED "MINOR SUBDIVISION PARCEL 3B A PORTION OF EAST ARGENT" PREPARED BY THOMAS & HUTTON ENGINEERING CO. DATED OCTOBER 12, 2015, AND RECORDED OCTOBER 28, 2015, IN PLAT BOOK 34, AT PAGE 138 IN THE JASPER COUNTY RECORDS, REFERENCE TO WHICH IS HEREBY CRAVED AS FORMING A PART AND PARCEL HEREOF.

TOGETHER WITH THE FOLLOWING:

- 1. A NON-EXCLUSIVE, RELOCATABLE, APPURTENANT EASEMENT FOR INGRESS, EGRESS AND UTILITY INSTALLATION AND MAINTENANCE OVER AND ACROSS THAT AREA IDENTIFIED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "A", CONTAINING 11.206 ACRES, MORE OR LESS, AS SHOWN ON THE ABOVE REFERENCED PLAT.
- 2. A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITY INSTALLATION AND MAINTENANCE OVER AND ACROSS THAT AREA IDENTIFIED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "B", CONTAINING 3.714 ACRES, MORE OR LESS, AS SHOWN ON THE ABOVE REFERENCED PLAT. 3. A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITY INSTALLATION AND MAINTENANCE OVER AND ACROSS THAT AREA IDENTIFIED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "C", CONTAINING 1.404 ACRES, MORE OR LESS, AS SHOWN ON THE ABOVE REFERENCED PLAT. ALL AS CONTAINED IN THAT CERTAIN DEED FROM SLF III - SC EAST ARGENT, LLC, TO COASTAVISTA PALMS, LLC, DATED OCTOBER 26, 2015, RECORDED OCTOBER 28, 2015, IN THE JASPER COUNTY RECORDS IN BOOK 907 AT PAGE 944. TOGETHER WITH A NON-EXCLUSIVE EASEMENT OF ACCESS, PASSAGE AND USE OVER AND ACROSS THE PROPERTY DESCRIBED AS "150' ACCESS EASEMENT" AND "FUTURE NEW RIVER PARKWAY 150' R/W", AS GRANTED BY SLF III - SC EAST ARGENT, LLC BY EASEMENT DATED , 2015, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK AT PAGE PURSUANT TO THE GRANT OF ACCESS EASEMENT FROM JPR PROPERTIES, LLC, DATED NOVEMBER 7, 2007, AND RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 606 AT PAGE 77. TOGETHER WITH NON-EXCLUSIVE ACCESS. UTILITY AND CONSTRUCTION EASEMENT RIGHTS OVER, IN AND TO THOSE CERTAIN PARCELS OF PROPERTY DESCRIBED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "A", CONTAINING 11.206 ACRES, MORE OR LESS, AND "RELOCATABLE ACCESS AND UTILITY EASEMENT "B", CONTAINING 3.714 ACRES, MORE OR LESS, AS GRANTED BY COASTAVISTA ROAD EASEMENT AGREEMENT BY AND AMONG BELLAVISTA GROVE, LLC, COASTAVISTA PALMS, LLC, AND SLF III-SC EAST ARGENT, LLC, \_\_, 2015, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK AT PAGE MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHERLY RIGHT OF WAY LINE OF ARGENT BOULEVARD(R/W VARIES) AND THE EASTERLY RIGHT OF WAY LINE OF NEW RIVER PARKWAY(150' R/W); THENCE NORTHERLY ALONG NEW RIVER PARKWAY RIGHT OF WAY APPROXIMATELY 8,832 FEET TO AN IRON PIPE FOUND; THENCE LEAVING SAID RIGHT OF WAY S 86°59' 11" E A DISTANCE OF 1792.10 FEET TO AN IRON PIPE BEING THE POINT OF BEGINNING; THENCE N 05°53'37" W A DISTANCE OF 19.96 FEET TO AN IRON PIPE; THENCE N 33°09'37" E A DISTANCE OF 39.39 FEET TO AN IRON PIPE; THENCE N 12°39'43" E A DISTANCE OF 48.27 FEET TO AN IRON PIPE; THENCE N 20°57'56" E A DISTANCE OF 69.46 FEET TO AN IRON PIPE; THENCE N 15°22'28" E A DISTANCE OF 43.94 FEET TO AN IRON PIPE; THENCE N 18°45'32" E A DISTANCE OF 36.29 FEET TO AN IRON PIPE; THENCE N 33°54'38" E A DISTANCE OF 36.30 FEET TO AN IRON PIPE; THENCE N 40°52'08" E A DISTANCE OF 51.46 FEET TO AN IRON PIPE; THENCE N 53°11'56" E A DISTANCE OF 38.23 FEET TO AN IRON PIPE; THENCE N 61°09'38" E A DISTANCE OF 46.68 FEET TO AN IRON PIPE; THENCE N 67°03'41" E A DISTANCE OF 56.08 FEET TO AN IRON PIPE; THENCE N 59°31'31" E A DISTANCE OF 62.62 FEET TO AN IRON PIPE; THENCE N 11°40'05" E A DISTANCE OF 39.84 FEET TO AN IRON PIPE: THENCE N 08°18'46" E A DISTANCE OF 47.70 FEET TO AN IRON PIPE; THENCE N 19°00'29" E A DISTANCE OF 29.16 FEET TO AN IRON PIPE; THENCE N 12°10'35" W A DISTANCE OF 30.76 FEET TO AN IRON PIPE; THENCE N 03°51'23" E A DISTANCE OF 39.12 FEET TO AN IRON PIPE; THENCE N 13°26'35" W A DISTANCE OF 30.03 FEET TO AN IRON PIPE; THENCE N 17°35'30" W A DISTANCE OF 50.10 FEET TO AN IRON PIPE: THENCE N 19°48'45" W A DISTANCE OF 46.76 FEET TO AN IRON PIPE; THENCE N 17°17'22" W A DISTANCE OF 40.19 FEET TO AN IRON PIPE; THENCE N 21°16'29" W A DISTANCE OF 38.15 FEET TO AN IRON PIPE; THENCE N 34°37'59" W A DISTANCE OF 34.91 FEET TO AN IRON PIPE; THENCE N 51°30'00" W A DISTANCE OF 42.76 FEET TO AN IRON PIPE; THENCE N 69°50'10" W A DISTANCE OF 43.11 FEET TO AN IRON PIPE; THENCE N 63°45'11" W A DISTANCE OF 39.49 FEET TO AN IRON PIPE; THENCE N 86°48'33" W A DISTANCE OF 13.38 FEET TO AN IRON PIPE; THENCE N 71°04'11" W A DISTANCE OF 26.31 FEET TO AN IRON PIPE: THENCE N 37°56'22" W A DISTANCE OF 44.22 FEET TO AN IRON PIPE; THENCE N 11°28'35" W A DISTANCE OF 30.20 FEET TO AN IRON PIPE: THENCE N 42°14'40" W A DISTANCE OF 22.46 FEET TO AN IRON PIPE; THENCE N 02°28'09" E A DISTANCE OF 7.15 FEET TO AN IRON PIPE; THENCE N 05°20'33" E A DISTANCE OF 52.85 FEET TO AN IRON PIPE; THENCE N 56°05'42" W A DISTANCE OF 67.60 FEET TO AN IRON PIPE: THENCE N 02°58'22" E A DISTANCE OF 23.14 FEET TO AN IRON PIPE; THENCE N 56°19'54" W A DISTANCE OF 24.47 FEET TO AN IRON PIPE; THENCE N 30°16'48" E A DISTANCE OF 530.84 FEET TO AN IRON PIPE; THENCE S 88°45'20" E A DISTANCE OF 66.48 FEET TO AN IRON PIPE; THENCE S 80°35'36" E A DISTANCE OF 33.50 FEET TO AN IRON PIPE; THENCE N 88°12'39" E A DISTANCE OF 33.02 FEET TO AN IRON PIPE; THENCE N 76°41'22" E A DISTANCE OF 31.61 FEET TO AN IRON PIPE; THENCE S 85°53'48" E A DISTANCE OF 50.21 FEET TO AN IRON PIPE; THENCE S 78°00'17" E A DISTANCE OF 48.90 FEET TO AN IRON PIPE; THENCE S 62°56'10" E A DISTANCE OF 57.88 FEET TO AN IRON PIPE; THENCE S 84°25'37" E A DISTANCE OF 32.06 FEET TO AN IRON PIPE; THENCE S 87°48'16" E A DISTANCE OF 33.64 FEET TO AN IRON PIPE: THENCE S 58°43'50" E A DISTANCE OF 42.97 FEET TO AN IRON PIPE; THENCE S 62°08'24" E A DISTANCE OF 44.19 FEET TO AN IRON PIPE; THENCE S 77°02'15" E A DISTANCE OF 41.02 FEET TO AN IRON PIPE; THENCE N 70°45'28" E A DISTANCE OF 31.78 FEET TO AN IRON PIPE; THENCE S 40°38'23" E A DISTANCE OF 38.22 FEET TO AN IRON PIPE;

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16°30'02" W A DISTANCE OF 55.62 FEET TO AN IRON PIPE; THENCE N 24°58'06" W A DISTANCE OF 79.70 FEET TO AN IRON PIPE; THENCE N 69°33'54" W A DISTANCE OF 27.11 FEET TO AN IRON PIPE; THENCE N 30°25'53" W A DISTANCE OF 29.02 FEET TO AN IRON PIPE; THENCE N 23°13'27" W A DISTANCE OF 59.62 FEET TO AN IRON PIPE; THENCE N 89°28'47" W A DISTANCE OF 1112.48 FEET TO AN IRON PIPE; THENCE N 15°44'35" W A DISTANCE OF 560.46 FEET TO AN IRON PIPE; THENCE N 64°28'55" W A DISTANCE OF 916.52 FEET TO AN IRON PIPE; THENCE N 04°59'03" W A DISTANCE OF 640.71 FEET TO AN IRON PIPE; THENCE N 80°34'40" E A DISTANCE OF 352.19 FEET TO AN IRON PIPE; THENCE S 84°38'50" E A DISTANCE OF 974.37 FEET TO AN IRON PIPE; THENCE S 63°13'13" E A DISTANCE OF 620.98 FEET TO AN IRON PIPE; THENCE N 41°01'11" E A DISTANCE OF 380.25 FEET TO AN IRON PIPE; THENCE S 49°04'17" E A DISTANCE OF 184.27 FEET TO AN IRON PIPE; THENCE WITH THE ARC OF A CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 1029.39 FEET, A RADIUS OF 2075.00 FEET, A CHORD LENGTH OF 1018.87 FEET, AND A CHORD BEARING S 63°17'00" E TO A IRON PIPE; THENCE WITH A COMPOUND CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 1363.86 FEET, A RADIUS OF 2135.00 FEET, A CHORD LENGTH OF 1340.79 FEET. AND A CHORD BEARING N 84°12'14" E TO A IRON PIPE; THENCE S 22°19'53" E A DISTANCE OF 67.57 FEET TO AN IRON PIPE; THENCE S 36°05'07" E A DISTANCE OF 964.75 FEET TO AN IRON PIPE; THENCE S 02°05'01" W A DISTANCE OF 329.20 FEET TO AN IRON PIPE; THENCE S 17°30'31" W A DISTANCE OF 523.27 FEET TO AN IRON PIPE; THENCE S 87°53'16" W A DISTANCE OF 2075.88 FEET TO AN IRON PIPE: THENCE S 81°37'16" W A DISTANCE OF 181.89 FEET TO AN IRON PIPE; THENCE S 52°54'34" W A DISTANCE OF 187.25 FEET TO AN IRON PIPE; THENCE N 74°06'56" W A DISTANCE OF 15.54 FEET TO AN IRON PIPE; THENCE S 48°55'27" W A DISTANCE OF 31.99 FEET TO AN IRON PIPE; THENCE S 74°06'56" E A DISTANCE OF 12.76 FEET TO AN IRON PIPE; THENCE S 52°54'34" W A DISTANCE OF 737.20 FEET TO AN IRON PIPE; THENCE S 18°50'01" W A DISTANCE OF 671.09 FEET TO AN IRON PIPE; THENCE S 12°48'51" E A DISTANCE OF 555.88 FEET TO AN IRON PIPE; THENCE N 79°50'40" E A DISTANCE OF 125.03 FEET TO AN IRON PIPE: THENCE S 13°03'01" E A DISTANCE OF 746.60 FEET TO AN IRON PIPE; THENCE S 54°24'14" W A DISTANCE OF 834.10 FEET TO AN IRON PIPE; THENCE S 25°05'12" W A DISTANCE OF 225.00 FEET TO AN IRON PIPE; THENCE N 77°44'09" W A DISTANCE OF 148.57 FEET TO AN IRON PIPE: THENCE S 54°24'14" W A DISTANCE OF 1901.88 FEET TO AN IRON PIPE: THENCE N 86°59'11" W A DISTANCE OF 50.55 FEET TO SAID POINT OF BEGINNING. SAID TRACT OR PARCEL OF LAND CONTAINING 213.956 ACRES

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 213.96 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The subject is located off SC Highway 141 in Jasper County, South Carolina, approximately 10 miles from Interstate 95. The site contains 213.96 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### Ownership

Coastavista Palms, LLC

### **Improvements**

None

#### Taxes

## SLF III-SC EAST ARGENT LLC

ATLANTA GA, SC 303430000

Base Amount: \$1,300.75 Net Taxes: \$1,199.67 Penalties: \$0.00 Balance Due: \$0.00

Penalty Date
January 16
Feburary 2
March 17

Amount Due
3%
10%
15%

Description: PARCEL 3 B

Record Type: Property Receipt No.: 017643-15-3

Tax Year: 2015

Payment Status: Paid Paid Date: 1/15/2016 Paid Amount: \$1,199.67

Map No.: 067-00 -01-064

District: 03 Assessed Value: 0 Fair Market Value: 45,900

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Area Data

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 213.96 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Copano Cove

Document ID: ECOVEST-DOJ 0197844

### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 21, 2019

Copano Cove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Copano Cove, LLC 926.952 acre tract, Aransas County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement. For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the

conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii). In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 926.952-acre conservation easement in Aransas County, TX. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 6, 2018, and Before the Subject Property is encumbered by the easement is as follows:

1995	
Total Fair Market Value Before the Easement Fee Simple 926.95	2 \$70,016,897

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 6, 2018 is:

Encumbered Land Fair Market Value After the Easement	926.952	\$1,800	\$1,668,514
Total Fair Market Value After the Easement Fee Simple (rounded)	926.952		\$1,668,514

The encumbered property also includes two reserved building zones that permit up to ten residential building sites and one recreational site. In theory, if taken as separate components of the valuation, the building areas and the remaining eased area that cannot be improved have different values. These sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do

maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided that these properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of December 6, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$70,016,897. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$1,668,514. Using the before and after method, the Fair Market Value of the Conservation Easement is \$68,348,000 (rounded).

Total Fair Market Value Before the Easement	926.952	•	\$70,016,897
Total Fair Market Value After the Easement	926.952	\$1,800	\$1,668,514
Fair Market Value of the Easement	-	•	\$68,348,000

Fair Market Value of the Conservation Easement on the effective date is:

#### SIXTY-EIGHT MILLION THREE HUNDRED FORTY-EIGHT THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of Hurricane Harvey in 2017 on the prospective projects.

## CLAUD CLARK III, P.C.

## REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

December 6, 2018

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- \* Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- \* A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Copano Cove will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

## RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 31, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Hurricane Harvey and the Texas Coastal Market Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

Consequences of the storm that are unanticipated benefits to the proposed development include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019 and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue. Sincerely,

Ralph 5 Bowden

Ralph S. Bowden President

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## **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).

- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 18, 2019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located off Texas State Highway 1781, west of the

town of Rockport in Aransas County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the fair

market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation easement.

**Date of the Appraisal Report:** January 21, 2019

**Date of Property Inspection:** January 18, 2019

**Date of Value Estimates:** December 6, 2018

**Date of Donation** December 6, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 926.952 Acres

**Easement:** 926.952 Acres

**Reserved:** Two Building Zones, totaling 29 acres, located within the

easement

**Total:** 926 952 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with two Building

Zones totaling 29 acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request

### **Assumptions and Limiting Conditions**

 $PLEASE\ NOTE\ THAT\ THE\ ACCEPTANCE\ AND/OR\ USE\ OF\ THIS\ APPRAISAL\ AND\ REPORT\ CONSTITUTES\ ACCEPTANCE\ OF\ THE\ FOLLOWING\ TERMS\ AND\ CONDITIONS:$ 

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

## Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

## The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

1012.564 ACRES

THE STATE OF TEXAS)
THE COUNTY OF ARRESTS AS)

889996 in 2012 I SSA acree tract of land obtoeted in the Joseph Respenden Survey, Abstract No. 55, Anatosis Courtey, Texas and the roots G. Wrist Survey No. 65, Anatosis Sto. 256, Anatosis Courtey, Texas and there are necessarily a state of a called LOCS\_SCB acree tract of land described by Warnardy Dead with Mission Silent watch April 13, 2004, conveyed from Williams D. Frank and wills, Island M. Frank to Look C. Myers, Jean S. Myers, and Thomas Frank Corry as reported in Instrument No. 203274 of the Official Public Records, Assesse County, Texas, said 2012 364 acree tract being more particularly described by meter and bounds on this court.

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1980(00), Social 30°(01) U2" West, nonstrowing along a normone line persistent and 2020-029 size triad and social 42.75 ercc tread, an a distance of 655 S2 feet sections a forcer corner post medicing a common corner between said 42.75 and stread and a catalog 50,730 ercc tread of land decided by 30 sections corner to fetter between said 42.75 and stread resourced to 1960 10 sections as recorded as instantance file. 1964307 of the Official Public Records, Assistan Country, Texas, at a distance of 1960 12 feet passing a found 3/4" pige along the common line between said 1025,509 and tread and the adversaria 50.732 acres tract, at a distance of 1908-92 feet passing a found 5/8" steel return marking a common contact of 1905 50.732 acres tread and for 4 of the Valenti Lake Estates Stabilishistin marking a common contact of 1906 10 section 3/4" steel return contact to the established map or planteness of sectored in Valence 5, Feet 234 of the Plat Records, Asiatos Country, Texas, at a distance of 1228,42 feet passing a found 3/8" steel return the first feet and the section distance of 1228,42 feet passing a found 3/8" steel return the first feet and the section for the Plat Records.

corner between the afforced lich A and Fesence "A", Brook 1 of the Cape Valent Peop Subdivision succeding to the assistanted inspirit properties in recorded in victime 5, Page 41 of the Piot Records, Analysis County, Texas, or a distance of 3135.36 feet passing a found 3/3" there indoes notify edition cape mainting a common corner of the aforcedald Reserve "A", Blook 1 and the remainder of a passing 191,978 acre than of land depositions by from more to decoarde. Management Company as recorded in information No. 140783 of the Official Public Records, Analysis County, Yesas, and continuing for a total observe of 3548,77 feet to a found 1" steel rebar in contract marking the positivest most corner of 1864 (0.5-33) agree that and height an interior angle point along the north and northeast the of the aforcedald 181,878 acre that for the southwest most corner of the period of the period design.

TRENCE, benth 49°29'11" West, along the northeast line of sect 191.9°6 acre that, with the continuest line of sect 1925.19 acre that, at a distance of SNL51 feet passing a SNL51 date (distance), with the north line of sect sect acresson the between sect 1925.518 acre stat, and sect sect is 200.8°6 with the north line of Claye Valent Solve (a SNL51 feet test sect acre stat, and other sect Solve (a SNL51 feet passing) a found square post (change) along the northeast right-driving line of sead Cape valent Original meaning the east most corner of a valent 191.411 acre unto 191 and described by formation on the Resource Management Company as herometed to instrument the SNR51 feet test 1914 and the Cofficial Public Resords, Avenue Church, Tessa, and continuing for a solid distance of 2980.11 best to a found 1° state relating company as reterior angle point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an incompany point of the affordated 391.411 sone tract for an

THERCE, North 70°05'13" Wast, along a common line between soin 10°3.5.28 are trian and soin 10°1.41; even that, a sixtuate of 3844.55 feet to a commer point along the shoreline of Copano Bas (skilla, Peets Bend) marking the extensiv commer of soid 10°15.525 are that our being stong the northesty line of told 10°1.413 are that for the extensiv commer of the beside described tracts.

TMERNE, among the character of said Cupano Say, with the east line of said 1015 520 acre tract, the holosophy curvaturational distractes

- North 05°59'06' East, a distance of 484 86' feet to a point for the herein described tract.
- North 0727461 West, a distance of 180-70 feet to a point for the herein described tract;
- Booth 23733.467 West, a richarde of S93.36 feet to a point for the behavior described tract;
- North 25°25°25° West, a distance of 261.05 feet to a point for the herein described tract.
- North 26"47"39" West, a distance of 320.17 feet to a point for the herein described trent;
- North 41°05°01° West, a distance of S61.09 feet to a point for the herich described tract;
- North 36°31'33' West, a distance of 504.33 teer to a found gots in the water of Organo Bay for the hereo described heat.
- IsomitiOFSFSF West, a distance of 86.17 seet to a found post in the water of Copans flag making the horizonest corner of said 1619-83F acre tract and for the hereof described tract;

THERRIE. Soorth 29°19'19' East, sloong title north late of said 2005 505 acre train, at a notance of 341.40. Seet passing a hourd 50° steet rebus for reference along the north late of said 1005 50° acre train, at a distance of 578.65 feet passing a found 11' steet rebus in concrete steen) along the north late of said 1005 50° acre train and being the southeast currier of less 100 of the last take Landy of Colonian Follow. Pastour Company Subdivision according to the established map of plat thereof as reported to Volume 1, Pages 14-15 of the Plat Records. Avaisant Country, Texas, and continuing for a total distance of 1000 50° best to a found 11' steed rebus in convenie scaled in going potent olding the contribute of said 305,5.5° acre train that I' steed rebus in common scaled line of taid for 110 and that certain train that of the 10° total distance of the old said 305,5.5° acre train that the terms of the contribute of the contribute of the contribute of the contribute of the late 10° total distance of 10° total dist

TRONCE, Month 69°00°17° dash, continuing along the both line of said 3005.529 albeitrach, with the south bouncary time of the aforeast) San Lake Lands of Coleman Fulton Pasture Company Subdivision, a distance of 1200-63 feet to a found 1° date letter in concrete motiving an angle point prince the north line of disabilities 1025-529 acreatment and being afong the common south line of Lot 131 of table 38th Lake Lands Subdivision and that certain tract of land as described in the aforementationed New Dest M. Inc. Dest for an angle power.

of the neterin described tract, from which a found \$73° steel rebail for reference bears \$500\ \$2000°. Sact, a pictories of \$5.38 feet.

THE NOTE, Month 1970/1997 East, condensing along the north lose of said 19015-519 each treat, with the worth boundary size of said Soit Ealer Lakel Exhibitious a. a distance of 1905-71 feet to a point marking as enging point of said 1905-519 acre treat and for the nerviso described treat, from which a found 11 seed ratio for reference board South 1710/9187 feet a distance of 5.70 feet.

PROMICE, Rooms SPT041091 Cast, continuing along the homb time of said 1935-328 one treat, with the south boundary line of land Said Lake bands Southfatten, as a distance of \$1.15 feet specing a reand SyR steel rebail masking a common comer of 1928 and the last Rine of 1924 feet specing a reand SyR steel and being the confirmed common to read sold 10,500 even basis of Rend described to instrument to Remertis denotes as recreated in common content of Last 578. Set per text and a common content of Last 578. Set per text and a casted 10,546 set are treat in disard denotes as their text and a final set of the set to a final 10,546 set per text and a casted 10,546 set are treat in the set of the set of the set of the final set of the Charles Public Records, Aranson Country, Texas, and confident content of the set of the content of the confidence of SRC133 feet for a foliated 11 sets are recorded by from mediate to Additional Fore and setting the confidence content of the content of the confidence for the Charles Public Records, Aranson Country, Texas and being the confidence to the set of the confidence for the confidence for the set of the confidence for the confidence f

THENCE, North 88°TSTS2" Sest, contriving along the north land of seld 2225 528 acre tract, with the points beamder like of train Self-Land Land Substitution, at a discourse of 792,05 feet passing a formal SET text and that refer let in self-land superins increase their sections of the self-land superins land self-land self-l

TRICINGS, North SS157191: East, contriving along the horth lose of said 3605.5.28 were train, with the court bountary free of said Soft Lake Larets Subdivision, as a distance of 366.00 feet passing a discount 5/61 deed rebar marking a common current behavior the afterward 1615. Slock 36 and Lot 10. Slock 35 of an intercented subdivision plates described in instrument recorded in instrument No. 343716 of the Official Public Records, Annual Cuenty, Texas, conferencing for a total distance of 618 92 feet to a found contract monoment among the south lose of fee aforecasions of the intercent and the feet south lose of fee aforecasions 36, Slock 30 marking an angle point of said 3605.539 acre tract and the Revent resource from

THENCE, Room 38/00/17" Said, continuing stong site harm time of said 3005 FDB acre tract, with the bounds boundary line of said Satt Larra Lands Coloridasion, at a distance of 300-67 feet passing a found \$20° store rober with risk can carefully a consensur commer of said Lot 19, Brack 35 and Lat 9, Black 34 of the accrementationed consensurate subdocates paint, at a distance of \$50-66 feet passing a found \$20° store institute of control consensurate subdocates paint, at a distance of \$50-66 feet passing a found \$20° store institute of control c

THERMOS, South 62/37/47 When, along the least like of sich 10/35/32 force that, at a previous of 889/33 feet pessing a found 1/27 steed reflor marking a common patient between a called 4.2 sice that of land depended by instrument to Head M. Perentoses and Sichard A. Sheed as recorded in Embarrowsh 189/22 of the Official Public Records, America Courty, Tenat and a called 9.04 are than or that of land depended by Instrument to Maint Delimpin and Yolanda Public Bethell as recorded in Instrument No. 300/33 of the Official Public Records, Aramsia County, Tenat, at a distance of 1413.78 four partial part of the Official Public Records, Aramsia County, Tenat, at a distance of 1413.78 four partial part of the Official Public Records to Passing 1999 Complete both Tenat Gody or secreted at a distance of 1413.78 four passing a found Syst Tenat for the Official Public Records. Aramsia County, Tenas, at a distance of 2413.85 four passing a

House 5/8" steel retain marking a common corner of a called 5.00 acre tract of land described by instrument to Alchard Energy Line in recorded in instrument 8m. 2017/5 of the Official Fluids; Records, Areasas County, Fecas and a called 5.00 acre tract of land described by Instrument to State think Am Beebe as recorded in instrument bib. 2017/31 of the Official Fluids Records, Areasas County, Texas, at a distance of 2737-88 feet partiag a found 5/81 other official Fluids Records, Areasas County, Texas, at a distance of 2737-88 feet partiag a found 5/81 other restricts by Instrument to Robert 1. Mitthelf and Kern E. Marcald 8 of State 18 feet of the Official Fluids Records, Areasas County, Texas, conditioning the a bost distance of 5038-38 feet to a found 5/81 steel ration with red can banking an interior corner of text 3185-325 acre tract, care being the southeast owner of the aforesized 5.883 acre tract, and textig an angie point along the norther type of a called 12-924 acre tract of described by instrument to John A. Complete sup the Studies of the Complete sup Studies of 18-80 acre tract of the Official Fluids. Records, Areasas County, Texas for an exterior corner of the berein described tract.

THERCE, North 83°20°10° West, along the portnerly line of the aforesaid 32.904 acre tract, a distance of 390.90 feet to a found 578° stant raise with red cap marking the northwest corner of said 12.904 acre tract for an interior corner of the herein described tract.

THENCE, both 03°10°56° West, along the west line of said 12,924 acre tract, a distance of 580 50° feet to a fluoro 5/8° steet retail with test cap marking the continuest corner of said 12,924 acre tract for an interior corner of the herein described tract.

31409416, South 96"44"37" Bass, along the toutherty line of said 10,904 acre tract, a distance of 1099,55 feet to a found 5-8" their retion with red cap along the west right of way line of said Ferro to Marsket Bo. 1293 marking the southeast corner of said 12,994 acre tract for an exterior corner of the herein described tract.

THEMES, South 02°19'04' West, along the over right-of-way line of said Farm-to-Market No. 1781, with the east line of said 1905,500 have tract, at a distance of 00.00 feet passing a 608 fast with weather marking the contention of a 100-host Access Essentian as described to between No. 300/10 of the Official Public Reports, Aranass County, Texas and continuing for a total distance of 64.79 feet to the POINT OF 8EGIBBBOG, CONTAINBIS within these waters and bounds a 5012,564 acre tract of land, more calls.

SAME & EXCEPT is naised 10.177 acre tract of land (Surveyed as 10.175 acres on ship day) and a called 23.344 sore tract of land (Surveyed as 23.359 sores on this day) described by Special Warranty Cered dated May 9, 2017, conveyed from Rockport Island Development Corporation to Habitat Preservation Group, 11.0 as recorded in instrument No. 353406 of the Official Public Records, Aranses County, Taxas and Further described by Mates and Sounds in Instrument No. 326715 of the Official Public Records, Aranses County, Taxas

ALSO RAYE & EXCEPT a 46.00 acre tract of fand described by instrument consequed from Linda C. Myers, Kers J. Myers, and Thomas Frank Corry to Sopario Sove, LLC as recorded in the Official Public Records, Javanses County, Texas.

The above described and proveved tract of land having a NET ACREAGE of 926, 952 arges more to less.

Seption bearing to based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4354). This survey was adjusted using a continued scale factor of 0.199882.55717881 (06000124).

The foregoing legal description and accompanions washes plan were prepared from an actual washes made on the ground under my supervision in July, 2008 and are true and contact to the best of my knowledge and baset.

Line Consider to

Orban Surveying, Inc. Sv. Michael K. Williams

Registrates Professional Cand Surveyor

\$871272038

Tokas No. 5616

\$22872.00

Introduction

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with underlying development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such

CLAUD CLARK III,

Introduction

## **Identification of the Subject Property**

The subject is located off Texas State Highway 1781, west of the town of Rockport in Aransas County, Texas. The site contains 926.952 acres.

## **Prior Sales History**

The Subject is not currently listed for sale.

An assumption warranty deed was filed on September 20, 2018 between Grantors Linda C. Myers, Kent J. Myers II and Thomas Frank Cory and Grantee Mirador Pointe, LLC for the original principal sum of \$601,000 executed by Grantees, payable to Texas AgFinance, FLCA, secured by a Vendor's Lien retained in that one certain Warranty Deed with a Vendor's Lien dated April 15, 2004, recorded as File No. 263574.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

## **Ownership**

Copano Cove, LLC

**Improvements** 

None

Property Tax Information

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 307 of 1318 Excerpts from Copano Cove Appraisal

Introduction

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 926.952 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Cottonwood Cove

Document ID: ECOVEST-DOJ 0183595

## CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

February 1, 2019

Cottonwood Cove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Cottonwood Cove, LLC 59.42 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

1

I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows:

Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement.

For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

## Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

## "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 59.42-acre conservation easement in Horry County, South Carolina. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Strategic Solutions in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 5, 2018, and Before the Subject Property is encumbered by the easement is as follows:

Fair Market Value of the Subject Before the Easement Fee Simple	59.42	\$57,969,728

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 5, 2018 is:

Total Fair Market Value After the Easement Fee Simple	59.42	\$95,072
Fair Market Value of the Reserved Site	3.5	\$1,552,761
Total Fair Market Value After the Easement Fee Simple	59.42	\$1,647,833

The encumbered property also includes one (1) reserved residential building site, which allows for up to eighteen attached or detached residential units. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that this lot is not a build ready lot and will incur some development costs to make it so.

In order to value the reserved site, I have assumed that the city of Myrtle Beach will approve the plan to build up to eighteen residential units on the reserved tract; I have also assumed that the maximum allowed units would be built, thus eighteen units. I have taken the Before value and divided it by the number of proposed units before the placement of the perpetual easement. This valuation takes into account developmental costs, as well as profit. This provided a per unit value of \$86,264, which multiplied by the number of allowed units after the placement of the perpetual easement, creates an after value of the reserved site of \$1,552,761, which will then be added to the After value of the property. There is no enhancement.

The Fair Market Value of the easement gift as of December 5, 2018 is as follows and is based upon the before and after method. The total Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$57,969,728. The total Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$1,647,833. Using the before and after method, the total Fair Market Value of the Conservation Easement is \$56,322,000 (rounded).

Total Fair Market Value Before the Easement	59.42	\$57,969,728
Total Fair Market Value After the Easement	59.42	\$1,647,833
Fair Market Value of the Easement (rounded)		\$56,322,000

Fair Market Value of the Conservation Easement on the effective date is:

## FIFTY-SIX MILLION THREE TWENTY-TWO THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

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Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

SC License #AB 6768 CG

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## Certification

## **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 21, 019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

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State Certified General Real Property Appraiser

SC License #AB 6768 CG

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The Subject Property is located off River Oaks Drive in

Myrtle Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation

easement.

**Date of the Appraisal Report:** February 1, 2019

**Date of Property Inspection:** January 21, 2019

**Date of Value Estimates:** December 5, 2018

**Date of Donation** December 5, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PDD, Planned Development District

**Site:** 59.42 Acres

**Easement:** 59.42 Acres

**Reserved:** One 3.50-acre Reserved Building Zone located within the

easement

**Total:** 59.42 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: Recreational / Green Space with a 3.5-acre

**Building Zone** 

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

## Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

## The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

EXHIBIT "A"

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCEL & POINT BEING MARKED BY HAVING 5/8" IRON REBAR FOUND AND HAVING S.C.STATE PLANE COORDINATES OF N 700,392.24, E 2,641,578.88 THENCE A LINE BOUNDED TO THE NORTH BY RIVER OAKS DRIVE 100' RIGHT OF WAY AND BOUNDED TO THE SOUTH BY THE SUBJECT TRACT THE FOLLOWING BEARINGS & DISTANCES:

N 59" 16" 31" E 664.56" TO 5/8" IRON REBAR FOUND

N 59" 16" 31" E 32.92' TO 5/8" IRON REBAR SET (L1)

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING CHORD BEARING N 64° 22' 29" E, CHORD LENGTH 334.51', RADIUS 2814.79', DELTA ANGLE 6" 48' 47", ARC LENGTH 384.71' TO 5/8" IRON REBAR SET(C2)

THENCE A LINE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE THE FOLLOWING BEARING AND DISTANCE:

N 67° 46' 52" E 27.89' TO 5/8" IRON REBAR SET(L2)

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY WATERWAY PALMS PLANTATION HOA INC AND BOUNDED TO THE WEST BY THE SUBJECT PARCEL THE FOLLOWING BEARINGS AND DISTANCES:

\$ 30° 43' 29" E 409.00' TO 5/8" IRON REBAR SET

\$ 70° 20' 00" E 252.97' TO 5/8" IRON REBAR SET

S 59" 16' 31" W 45.60' TO 5/8" IRON REBAR SET (L3)

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY WATERWAY PALMS PLANTATION HOA INC AND BOUNDED TO THE WEST BY SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

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EXHIBIT "A"

5 30" 19' 23" £ 545,63' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY WATERWAY PALMS PLANTATION HOA INC AND BOUNDED TO THE SOUTH BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

N 60° 16' 17" E 159.47' TO 5/8" IRON REBAR FOUND (L4)

THENCE A CURVE BOUNDED TO THE EAST BY WEST ISLE OF PALMS AVENUE, BOUNDED TO THE WEST BY THE SUBJECT PARCEL THE FOLLOWING CHORD BEARING S 18° S1' 41" E, CHORD LENGTH 26.38', RADIUS 70.00', DELTA ANGLE 21° 43' 20', ARC LENGTH 26.54' TO 5/8" IRON REBAR FOUND (C3)

THENCE A LINE BOUNDED TO THE EAST BY WEST ISLE OF PALMS AVENUE AND BOUNDED TO THE WEST BY SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

\$ 29" 43" 25" E 60.00" TO 5/8" IRON REBAR FOUND (LS)

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING CHORD BEARING  $5.58^{\circ}.50'.43''$  E, CHORD LENGTH 68.13', RADIUS 70.00', DELTA ANGLE  $58^{\circ}.14'.25''$ , ARC LENGTH 71.15' TO 5/8'' IRON REBAR SET (C4)

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE THE FOLLOWING CHORD BEARING \$ 58° 50' 43" E, CHORD LENGTH 24.33", RADIUS 25.00', DELTA ANGLE 58" 14' 05", ARC LENGTH 25.41' TO 5/8" IRON REBAR SET (C5)

THENCE A LINE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE THE FOLLOWING BEARING AND DISTANCE:

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EXHIBIT "A"

S 29" 431 25" E 781.87' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE SOUTH BY LANDS NOW OR FORMERLY OWNED BY WATERWAY PALMS PLANTATION PHASE II AND BOUNDED TO THE NORTH BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

\$ 60° 16' 35" W 655.95' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE WEST BY LANDS NOW OR FORMERLY OWNED BY WATERWAY PALMS PLANTATION BOAT LANDING AND BOUNDED TO THE EAST BY THE SUBJECT PARCELTHE FOLLOWING BEARINGS AND DISTANCES:

N 30° 27' 12" W 75.00' TO 5/8" IRON REBAR SET (L6)

N 14" 32" 48" E 32.66" TO 5/8" IRON REBAR SET (£7)

N 30° 27' 12" W 99.65' TO 5/8" IRON REBAR SET (L8)

THENCE A LINE BOUNDED TO THE SOUTH BY LANDS NOW OR FORMERLY OWNED BY WATERWAY PALMS PLANTATION BOAT LANDING AND BOUNDED TO THE EAST BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

5.59° 32' 48" W 145.42' TO 5/8" IRON REBAR SET (19)

THENCE A LINE BOUNDED TO THE WEST BY LANDS NOW OR FORMERLY OWNED BY HORRY COUNTY AND BOUNDED TO THE EAST BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

N 26" 36' 54" W 190.19' TO IRON REBAR SET (£10)

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EXHIBIT "A"

THENCE A LINE BOUNDED TO THE SOUTH BY LANDS NOW OR FORMERLY OWNED BY HORRY COUNTY AND BOUNDED TO THE NORTH BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

5 60° 17' 17" W 997.65' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE WEST BY LANDS NOW OR FORMERLY OWNED BY CAROLINA WATERWAY PLANTATION BOAT STORAGE AND BOUNDED TO THE EAST BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

N 29\* 43' 03" W 282.10' TO 5/8" IRON REBAR FOUND

THENCE A LINE BOUNDED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY TUPELO GROVE LLC AND BOUNDED TO THE SOUTH BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

N 56" 58' 22 E 318, 41' TO 5/8" IRON REBAR FOUND

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY TUPELO GROVE LLC AND BOUNDED TO THE WEST BY THE SUBJECT PARCEL THE FOLLOWING BEARING AND DISTANCE:

N 30° 39' 01" W 1424.73 TO 5/8" IRON REBAR FOUND.

THENCE BACK TO SAID POINT OF BEGINNING. TRACT CONTAINS SQ. FT. / 59.42 ACRES

LESS AND EXCEPTING GRAND STRAND WATER & SEWER AUTHORITY PARCEL PIN# 420-09-01-0001 PER DB: 3304/1826 THE FOLLOWING:

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EXHIBIT "A"

COMMENCING AT A 5/8" IRON REBAR AND BEING THE MOST NORTHEASTERLY CORNER OF THE PROPERTY, SAID IRON BEING THE POINT OF BEGINING: THENCE RUNNING S 29° 43' 25" E FOR A DISTANCE OF 30 FEET TO A 5/8" IRON REBAR. THENCE TURNING AND RUNNING S 60° 16' 35" E FOR A DISTANCE OF 30 FEET TO A 5/8" IRON REBAR. THENCE TURNING AND RUNNING N 43" 43' 25" W FOR A DISTACNE OF 30 FEET TO A 5/8" IRON REBAR. THENCE TURNING AND RUNNING N 60° 16' 35" E FOR A DISTACNE OF 30 FEET TO A 5/8" IRON REBAR, SAID IRON BEING THE POINT OF BEGINING.

ALL SURROUNDED BY THE PARENT TRACT AS SHOWN IN DETAIL A. PARCEL CONTAINS  $900~\mathrm{SQ}$ . FT/  $.02~\mathrm{ACRES}$ 

#### EXHIBIT "B" BUILDING ZONE

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCEL & POINT BEING MARKED BY HAVING 5/8" IRON REBAR SET AND HAVING S.C. STATE PLANE COORDINATES OF N 699,362.27, E 2,642,451.38 THENCE A LINE BOUNDED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY MBWP LAND HOLDINGS LLC AND BOUNDED TO THE SOUTH BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

N 59° 20' 04" E 499.42' IRON REBAR SET

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY MBWP LAND HOLDINGS LLC AND BOUNDED TO THE WEST BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

5 30° 39′ 56″ E 304.79′ TO 5/8″ IRON REBAR SET

THENCE A LINE BOUNDED TO THE SOUTH BY LANDS NOW OR FORMERLY OWNED BY MBWP LAND HOLDINGS LLC AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

5 59° 20' 04" W 499.42' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE WEST BY LANDS NOW OR FORMERLY OWNED BY MBWP LAND HOLDINGS LLC AND BOUNDED TO THE EAST BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

N 30° 39′ 56" W 304.79' TO 5/8" IRON REBAR SET

THENCE BACK TO SAID POINT OF BEGINNING. TRACT CONTAINS 152,218 SQ. FT. / 3.5 ACRES

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely

### **Identification of the Subject Property**

The Subject Property is located off River Oaks Drive in Myrtle Beach, Horry County, South Carolina. The site contains 59.42 acres.

#### **Prior Sales History**

There have been no qualified sales or transfers of the subject property within the last three years. The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Cottonwood Cove, LLC

**Improvements** 

None

Taxes

Introduction

- The physical inspection of the Subject Property provided no indications of environmental issues concerning the property. However, the appraiser is not trained in the detection of such materials.
- For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 59.42 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Cristobal Key

Document ID: ECOVEST-DOJ 0083113

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Cristobal Key LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Cristobal Key, LLC

479.94 acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust172, 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 19, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 19, 2016 is:

Unencumbered	Acres	FMV
Before Value	479.94	\$64,145,811

The value of the Subject Property, subject to a perpetual conservation easement as of December 19, 2016 is:



The value of the easement gift as of December 19, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	479.94	\$64,145,811
Less		
Total After Value (Encumbered)	479.94	<u>\$1,177,428</u>
Value of the Easement	rounded	\$62,968,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TX License #TX 3890

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 337 of 1318 Excerpts from Cristobal Key Appraisal

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.

llwkm

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 3890

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 340 of 1318 Excerpts from Cristobal Key Appraisal

### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway

185 and north of the Intracoastal Waterway, just west of

Port O'Connor, Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 19, 2016

**Date of Donation** December 19, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 479.94 Acres

**Easement:** 478.44 Acres

**Excluded:** 1.5 Acres

**Total:** 479.94 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 342 of 1318 Excerpts from Cristobal Key Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

TRACT 1

THE STATE OF TEXAS)
THE COUNTY OF CALHOUN)

BERNG a 485.71 acre tract of land situated in a portion of the Cleto Garcia Survey, Abstract No. 14 and a portion of the Faustino Albarado Survey, Abstract No. 1, Calhoun County, Texas, being comprised of portions of Lot 2 & 3, Section 4; a portion of Lot 2, Section 9, Block "A" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page 1, of the Deed Records, Calhoun County, Texas and portions of Lot 2 & 4, Section 8; a portion of Lots 1-4, Section 7, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Deed Records, Calhoun County, Texas, and being a part of that remaining called 12,228.52 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated March 27, 2015, conveyed from Texas Ranch Holdings, LLC to Texas Coastal Ranches, Inc. as recorded in Instrument No. 142897 of the Official Public Records, Calhoun County, Texas, said 485.71 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the south line of State Highway No. 185 (a Variable Width Right-of-Way), being along the north line of the aforesaid 12,128.52 acre tract and the north line of a Right-of-Way Eacement, described as Part II a called 8.163 acre tract of land, conveyed to the State of Texas as recorded in Volume 263, Page 509 of the Deed Records, Calhoun County, Texas for the northwest corner of the herein described tract, from which the northeast corner of said 12,228.52 acre tract bears North 83\*58\*28" East, a distance of 4579.80 feet and from which a found 5/8" steel rebar marking the northwest corner of a called 1019.707 acre tract of land conveyed to Chunda. Ltd. as recorded in Volume 419, Page 574 of the Official Public Records, Calhoun County, Texas bears South 25\*50\*49" East, a distance of 13.00 feet,

THENCE, North 85°55'28" East, along the south right-of-way line of said State Highway No. 185, with the common north line of said 12,228,52 acre tract and the aforesaid Right-of-Way Easement, a distance of 2935.10 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the northwest corner of Phase 1 of the Sanctuary Subolivision according to the established map or plat thereof as recorded in Volume 2, Page 702 of the Plat Records, Calhoun County, Texas, being along the common north line of said 12,228,52 acre tract and said Right-of-Way Easement, and being along the south right-of-way line of said State Highway No. 185 for the northeast corner of the herein described tract.

THENCE, South 25°50'49" East, departing the south right-of-way line of said State Highway No. 185, over and across said 12,228.52 acre tract and with a west line of the aforesaid Phase 1 of the Sanctuary Subdivision, a distance of 2987.82 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the north most corner of Phase 2 of the Sanctuary Subdivision according to the established map or plat thereof as recorded in Volume Z, Page 711 of the Plat Records, Calhour County, Texas and being along a west line of said Phase 1, Sanctuary Subdivision for the east corner of the herein described tract.

THENCE, with the outer boundary of the aforesaid Phase 2 of the Sanctuary Subdivision, the following courses and distances:

- South S9\*S9\*S9\* West, a distance of 1283.80 feet to a set S/8\* steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner of said Phase 2, Sanctuary Subdivision for an interior corner of the herein described tract;
- South 29°59′59″ East, a distance of 467.11 feet to a set 5/8″ steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an interior corner of said Phase 2, Sanctuary Subdivision for an exterior corner of the herein described tract;
- South 59°59'59" West, a distance of 2234.87 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner of said Phase 2, Sanctuary Subdivision for an interior corner of the herein described tract;
- South 25°50'49" East, at a distance of 4680.01 feet passing a set 5/8" steel rebar with yellow
  plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance
  of 4905.01 feet to a point marking the south corner of said Phase 2, Sanctuary Subdivision and
  being along the southeasterly line of said 12,228.52 acre tract for the southeast corner of the
  herein described tract;

THENCE, South 52°05'55" West, along the southeasterly line of said 12,228.52 acre tract, a distance of 1200.00 feet to a point marking the south corner of the herein described tract;

THENCE, over and across said 12,228.52 acre tract, with the common boundary line of the hereto described and surveyed this day, Tract 2, the following courses and distances:

- Morth 25°50'49" West, at a distance of 225.00 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." and continuing for a total distance of 5289.36 feet to a point of curvature to the left for the herein described tract;
- with a curve turning to the left having an arc length of 382.02 feet, with a radius of 500.00 feet, with a welfa angle of 34°36'32", having a chord bearing of North 43°09'05" West, and a chord length of 297.45 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the right having an arc length of 649.55 feet, with a radius of 500.60 feet, with a delta angle of 74°26′00°, having a chord bearing of North 33°14′21° West, and a chord length of 604.83 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the left having an arc length of 255.42 feet, with a radius of 500.00 feet, with a delta angle of 29°16'06", having a chord bearing of North 00°39'24" West, and a chord length of 252.65 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the right having an arc length of 454.89 feet, with a radius of
  400.00 feet, with a data angle of 55°09°30", having a chord bearing of North 17°17'18" East, and
  a chord length of 430.77 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the left having an arc length of 210.00 feet, with a radius of 500.00 feet, with a delta angle of 24°05′52″, having a chord bearing of North 37°50′07″ East, and a chord length of 208.46 feet to a point of compound curvature for the herein described tract;

- with a compound curve turning to the left having an arc length of 455.32 feet, with a radius of 877.58 feet, with a deita angle of 29°44′38°, having a chord bearing of Morth 10°55′52° East, and a chord length of 450.22 feet to a point of tangency for the herein described tract;
- North 03°56'27" West, a distance of 592.66 feet to a point of curvature to the right for the herein described tract:
- with a curve turning to the right having an arc length of 674.66 feet, with a radius of 600.00 feet, with a delta engle of 64°25'30", having a chord bearing of North 28°10'57" East, and a chord length of 639.67 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the left having an arc length of 373.73 feet, with a radius of 1000.00 feet, with a delta angle of 21°24'47", having a shortl bearing of North 49°41'18" East, and a chord length of 371.56 feet to a point of compound curvature for the herein described tract;
- with a compound curve turning to the left having an arc length of 486.24 feet, with a radius of 300.00 feet, with a deita angle of 92°51′54°, having a chord bearing of North 07°27′02° West, and a chord length of 434.74 feet to a point of reverse curvature for the herein described tract;
- with a reverse curve turning to the right having an arc length of 293.57 feet, with a radius of 800.60 feet, with a delta angle of 21°01'55", having a chord bearing of North 43°22'12" West, and a chord length of 292.93 feet to a point of tangency for the herein described tract;
- North 32°51'26" West, a distance of 487.39 feet to a point of curvature to the right for the herein described tract:
- with a curve turning to the right having an arc length of 239.15 feet, with a radius of 500.00 feet, with a delta angle of 27°24°18", having a chord bearing of North 19°09°17" West, and a chord length of 236.88 feet to the POINT OF 8EGINNING, CONTAINING within these metes and bounds a 485.71 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

LESS AND EXCEPT:

## MITIGATION TRACT 5.77 ACRES

THE STATE OF TEXAS}
THE COUNTY OF CALHOUN)

BENGG a 5.77 acre tract of land situated in a portion of the Cleto Garcia Survey, Abstract No. 14 and a portion of the Faustino Albarado Survey, Abstract No. 1, Calhoun County, Texas, being a portion of Lots 1 & 4, Section 7, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Deed Records, Calhoun County, Texas, and being a part of that remaining called 12,228.52 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated March 27, 2015, conveyed from Texas Ranch Holdings, LLC to Texas Coastal

Ranches, Inc. as recorded in instrument No. 141897 of the Official Public Records, Calhoun County, Texas, said 5.77 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner of Phase 2 of the Sanctuary Subdivision according to the established map or plat thereof as recorded in Volume 2, Page 711 of the Plat Records, Calhoun County, Texas and being an interior corner of a 485.71 acre tract of land, Tract 1, as described and surveyed this day for an interior corner of the herein described tract;

THENCE, South 25°50'49" East, along the west line of the aforesaid Phase 2, Sanctuary Subdivision, a distance of 3826.86 feet to a point along the west line of said Phase 2, Sanctuary Subdivision and being along a northeasterly line of said 12,328.52 acre tract for the southeast corner of the herein described tract:

THENCE, over and across said 12,228.52 acre tract and the aforementioned Tract 1, a 485.71 acre tract described and surveyed this day, the following four (4) courses and distances:

- South 64°09'11" West, a distance of 56.00 feet to a point for the southwest corner of the herein described tract:
- North 25°50'49" West, a distance of 3974.00 feet to a point for the northwest comer of the herein described tract;
- North 60°00'03" East, a distance of 75.81 feet to a point for the north most corner of the herein described tract;
- North 84\*41"25" East, a distance of 361.03 feet to an angle point along a northwest line of said Phase 2, Sanctuary Subdivision and for the herein described tract;

THENCE, South 59°59'59" West, along a northwest line of said Phase 2, Sanctuary Subdivision, a distance of 358.63 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 5.77 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAC 83), South Central Zone (4204).

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 479.94 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The subject is located off of State Highway 185 (Adams Street) and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 479.94 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

Ownership

Cristobal Key, LLC

**Improvements** 

None

**Taxes** 

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Site Data

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No
The individual performing this Environmental Checklist is not liable for failure to detect or

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

identify possible environmental factors and hazards on the Subject Property.

Conclusion:

The Subject Property consists of approximately 479.94 acres.

otherwise performed by an environmental professional.

Observed staining of soils:Observed distressed vegetation:

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Cypress Cove Marina

Document ID: ECOVEST-DOJ 0009219

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Cypress Cove Marina, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Cypress Cove Marina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	28.04	\$39,960,013	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	28.04	\$263,462	
Total After Value – Early and Reserved Offes			

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	28.04	\$39,960,013	
Less			
Total After Value (Encumbered)	28.04	<u>\$263,462</u>	
Value of the Easement	rounded	\$39,697,000	

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these two sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 357 of 1318 Excerpts from Cypress Cove Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located south of Highway 31 and north of the

Intracoastal Waterway on Bourne Trail in North Myrtle

Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4 Resort Residential

Site: 28.04 Acres

Easement: 28.04 Acres

**Reserved:** One Residential Building Site and One Recreational

**Building Site** 

Total: 28.04 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

ALL AND SINGULAR, those certain pieces, parcels or lots of land, situate, lying and being in Horry County, South Carolina, more particularly shown and designated as "Parcel A", containing 1.48 AC., more or less, and "Parcel B", containing 26.56 AC., more or less, as shown and described on a map or plat entitled "Map of Parcels 'A' and 'B' Containing 28.04 Acres, Little River Township, Horry County, South Carolina, Boundary Survey, Prepared for: Parker Properties, Inc.", dated March 31, 2003, and recorded April 15, 2003, in Plat Book 189, at Page 86, reference to which is hereby craved as forming a part and parcel hereof.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 28 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The Subject Property is located on Bourne Trail, south of Highway 31 and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 28+- acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### **Ownership**

Cypress Cove Marina, LLC

### **Improvements**

None

### Taxes

### Record Information

Receipt #1 290554133

Status: Paid

Date Paid: 81/14/14

### Tax Information

Name:	SLF IV/SBI SANDRIDGE LLC.
Yax Year:	3013
Assessment Value:	1840
District/Levyc	550 / 375.4
City/Levy:	NM / 838.

### **Property Information**

 Record Type:
 Resid Estate

 Map Number:
 143-00-01-078

SC 008#:

Market Value: 30,660
Description: LEWIS TR DUFFIE

TKE

Taxes

County Tax: \$322.74 City Tax: \$69,92 \$0.00 Fame Residential Exemption: \$9.00 Homestead Exemptions \$8.00 Other Exemptions: \$0.00 Local Option Grediti \$0.00 Femality's \$0.00 \$0.00 536633 Total Taxes: \$392.66

Total Paid: \$392.68

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

 Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No • Observed staining of soils: On-Site: No; Adjacent: No • Observed distressed vegetation: On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 28.04 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Diamond Grande Resort

Document ID: ECOVEST-DOJ 0022897

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

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Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Diamond Grande Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Diamond Grande Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	67.22	\$56,013,625	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	67.22	\$454,191	

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	67.22	\$56,013,625	
Less			
Total After Value (Encumbered)	67.22	<u>\$454,191</u>	
Value of the Easement	rounded	\$55,559,000	

The Subject Property has two (2) reserved residential building sites and one (1) reserved recreational building site. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these three sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located on the west side of the

Conway Bypass and north of the Intracoastal Waterway in

North Myrtle Beach, Horry County, South Carolina.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PPD

Site: 67.22 Acres

**Easement:** 67.22 Acres

**Reserved:** Two Residential Building Sites and One Recreational

**Building Site** 

Total: 67.22 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space

Appraiser: Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

### <u>Legal Description - Parcel "D-1"</u>

All and singular that certain piece, parcel or tract of land lying and situate in the City of North Myrtle Beach, Horry County, South Carolina and being referenced on a plat entitled "Map of Parcel "D1" & "E" – Subdivision & Boundary Survey prepared for Diamond Grande Resort, LLC and Belle Harbour Resort, LLC by DDC Engineers, Inc. dated July 20, 2015 and recorded in Plat Book 267, Page 79 and being more particularly described as follows:

Beginning at a 1/2" rebar located on the northwestern right-of-way of the Atlantic Intracoastal Waterway and the common right-of-way of S. C. Highway #22 – Conway Bypass; thence along the right-of-way of the Atlantic Intracoastal Waterway S 52°42'01" W, 746.07' to a 1/2" rebar; thence N 37°19'03" W, 1431.44' to a 1/2" rebar; thence N 12°26'45" W, 862.56' to a 1/2" rebar located on a 100' Access & Utility Easement; thence N 19°19'54" E, 100.00' to a 1/2" rebar located on a 100' Access & Utility Easement; thence with said easement line, being the same as the property line, N 70°40'06" W, 737.49' to a 1/2" rebar; thence N 60°24'34" E, 491.67' to a 1/2" rebar; thence N 80°40'16" E, 1239.32' to a 1/2" rebar located on the western right-of-way of S. C. Highway #22 – Conway Bypass; thence with the right-of-way of S. C. Highway #22 – Conway Bypass along a curve to the left, having an arc length of 750.30', a radius of 5871.34', and a chord of S 13°02'10" E, 749.79' to a concrete monument found; thence along a curve to the left, having an arc length of 49.88', a radius of 5871.34', and a chord of S 16°56'26" E, 49.88' to a concrete monument found; thence

S 17°14'54" E, 50.12' to a 1/2" rebar; thence S 17°14'54" E, 1554.63' to the point of beginning, and having an area of 67.22 acres, more or less.

This property is bounded on the north by Coterra Chestnut, LLC, on the east by S.C. Highway #22 – Conway Bypass, on the west by Reach 9, LLC and on the south by the Atlantic Intracoastal Waterway.

### **Easement**

A non-exclusive easement over and across those areas identified as "existing 100' Access & Utility Easement" and "100' Access & Utility Easement" as shown on Plat Book 267, Page 79, Horry County Register of Deeds.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 67.22 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The Subject Property is located on the west side of the Conway Bypass and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 67.22 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### **Ownership**

Reach 9, LLC

### **Improvements**

None

### **Taxes**

Owner Data:	
TMS	1550001055
PBt	3900000001
Legal Description	: PIBURTIR:
Owner	REACHFLIC
Billing Street	1604 29TH AVEN STEA
Billing City	MYRTLE BEACH
Billing State	SC
Billing Zip	29577-3183
District	SS0 - N MYRTLE BEACH
Book	1840
Page	958
2014 Parcel Values;	
Residential Land	\$0.00
Residential Improved Land	\$0.00
Fem Land	\$3,708,200.00
Fam improved	\$0.00
Fam Use	\$43,260,00
Other Land	30,90
Other Improved	\$0.90
Taxishie Total	\$43,260.00

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

Observed staining of soils:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

 Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No • Observed distressed vegetation: On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 67.22 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Dumpling Mountain

Document ID: ECOVEST-DOJ 0335900

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### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

\* Certified in AL, FL, MS, GA † Certified in AL, GA

Claud Clark III \*
Certified General Real Property Appraiser
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Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 30, 2010

Mr. Edmund Cash Dumpling Mountain, LLC 10 Long Branch Road Spencer, TN, 38585

Dear Mr. Cash:

RE: Conservation Easement Dumpling Mountain

Spencer, Tennessee

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Value of the Easement Gift.

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

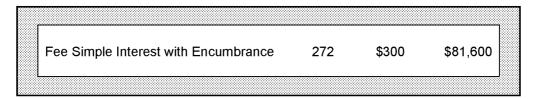
North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of as of December 30, 2010, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Fee Simple Interest	278	\$13,840,645

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2010 is:



The Tract retains the right to build six homes and related improvements on six one-acre sites. The parcels are precisely identified. The easement holder must give permission before construction may commence. A survey is required, a review of the easement is made, drives and utility placement must be approved. There are restrictions as to the coverage, size and height on the improvements. The Land Trust must inspect the site. The period to accomplish the goal of the building start may be 1-4 months. Given alternatives in the market, I do not see these retained rights having a great financial benefit. The sites are deep within the owner's property. To access the property, one must use private roads and enter the larger parcel. Any benefit of these sites accrues to the owner of the larger parcel. I do not find any enhancement to be gained from the placement of the easement to these retained building areas. I think the time and cost to obtain building permits essentially render these retained elements minimal financial value. The utility placement on the lots or access has not been identified. I will point out that rural lots on dirt roads are available for \$5,000.

Value of Retained Lots	6	\$5000	\$30,000

The value of the easement gift as of December 30, 2010 is as follows and is based upon the before and after value.

Γ					
	Fee Simple Interest	Before	278		\$13,840,645
	Less Fee Simple Interest wit	h Encumbrance	272	\$300	\$81,600
	Less Value of Retained Lots		6	\$5,000	\$30.000
	value of Retained Lots		0	φ3,000	\$30,000
L	Value of the Easement			rounded	\$13,729,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Und Julia

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with
  the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the
  Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property."

Claud Clark III

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 393 of 1318 Excerpts from Dumpling Mountain Appraisal

**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located near Spencer, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal income tax purpose, the market

value of the conservation easement.

**Function of the Appraisal:** To assist in the asset valuation process.

**Date of the Appraisal Report:** December 30, 2010

**Date of Value Estimates:** December 30, 2010

**Date of Donation** December 27, 2010

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

Site: 278 Acres

Easement: 272 Acres

**Reserved:** 6 acres

**Total:** 278

**Improvements:** Minimally improved road

High and Best Use

of Site as Though Vacant: Future residential development.

**Estimated Marketing Time:** 12-18 months

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 395 of 1318 Excerpts from Dumpling Mountain Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### <u>Limitations of a Value Estimate in a Dynamic Market</u>

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

#### LEGAL

The following is a description of the Dumpling Mountain, LLC property located off the Archie Rhinehart Parkway in the 4th Civil District of Van Buren County, Tennessee. (Reference Record Book 59 Page 498 and Tax Map 75 Parcel 8.00)

Beginning on a painted rock located in the Western line of the State of Tennessee Fall Creek Falls property as well being the Northeastern corner of this described parcel and the Southeastern corner of the Navarre Inc. property; thence going with the State of Tennessee S 08°59'37" W 1050.04 feet to a coal car rail; thence S 09°37'25" W 94.87 feet to a ½' pipe set; thence leaving the State property and going with Charles Allison S 59°50'11" W 3090.72 feet to a ½" pipe set; thence leaving Charles Allison and going with Lester Allison S 59°50'11" W 748.03 feet to a painted rock; thence leaving Lester Allison and going with Calvin Haggard N 08°29'40" E 1451.04 feet to a coal car rail; thence continuing with Haggard N 81°32'52" W 2371.50 feet to a painted rock; thence leaving Haggard and going with J.M. Huber Corp. N 08°01'16" E 850.14 feet to a coal car rail; thence leaving Huber and going with Calvin Haggard N 09°16'41" E 858.62 feet to a coal car rail; thence N 08°55'00" E 428.74 feet to a coal car rail; thence leaving Haggard and going with Navarre Inc. S 81°02'16" E 5372.45 feet to the beginning containing 278.12 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 19 March 2001.

### **NOTE:**

The above described parcel is subject to ingress/egress right-of-ways some of which are recorded in Warranty Deed Book 11 Pages 488 as well as an access easement from Joe T. Moffitt to Southern Pine Plantations in Deed Book Miscellaneous 25 Page 720 Van Buren County Register's Office.

### Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 398 of 1318 Excerpts from Dumpling Mountain Appraisal

Introduction

Appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only. The single approach feasible is a sale comparative approach utilizing tracts of generally similar size and other attributes for the bulk of the site.

The report is divided into two sections.

Section I of the appraisal which deals with the unencumbered fee estate.

Section II of the report which involves the encumbered property.

Each of the approaches has an individual set of sales. These sales are unencumbered and encumbered as appropriate for the phase of the report.

For the property in the fee simple estate, sales were drawn from the area.

For the property in its encumbered state, a different set of data will be required. These sales included easement purchases by government agencies as well as sales of easements. Largest body of data will include property which has sold subject to perpetual conservation easements. These are largely drawn from Tennessee, Georgia and Florida.

Highest and best use in the "after" configuration will be shown to be limited. The property may not be subdivided among other restrictions.

Introduction

### **Identification of the Subject Property**

The subject property consists of one parcel located in Van Buren County, Tennessee. The site contains 278+- acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### **Ownership**

Dumpling Mountain, LLC

### **Taxes**

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### **Improvements**

None

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Site Data

Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed staining of soils: • Observed distressed vegetation: On-Site: No; Adjacent: No • Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

### Conclusion:

The subject property consists of approximately 277.90 +- acres, of which approximately 277.90 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Espiritu Shores

Document ID: ECOVEST-DOJ 0209961

### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 28, 2019

Espiritu Shores LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Espiritu Shores, LLC 333.33-acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance. I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement. For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

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In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 333.33-acre conservation easement in Calhoun County, Texas. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 17, 2018, and Before the Subject Property is encumbered by the easement is as follows:

Total Fair Market Value Before the Easement Fee Simple	333.33	\$78,406,603
	1000	

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 17, 2018 is:

Total Fair Market Value	333.33	\$1,800	\$599,994
After the Easement Fee Simple (rou	ınded)		

The encumbered property also includes one reserved residential building zone. In theory, if taken as separate components of the valuation, the building area and the remaining eased area that cannot be improved have different values. This site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided that this property does not warrant any additional value over that of the balance of the eased area, but I do feel that it does add to the value of the total tract; therefore, the value of this tract will be included in that of the complete tract. It is not valued as a separate component. There is no enhancement.

The Fair Market Value of the easement gift as of December 17, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$78,406,603. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$599,994. Using the before and after method, the Fair Market Value of the Conservation Easement is \$77,807,000 (rounded).

Fair Market Value of the Easement	-	-	\$77,807,000
Total Fair Market Value After the Easement	333.33	\$1,800	\$599,994
Total Fair Market Value Before the Easement	333.33		\$78,406,603

Fair Market Value of the Conservation Easement on the effective date is:

#### SEVENTY-SEVEN MILLION EIGHT HUNDRED SEVEN THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of Hurricane Harvey in 2017 on the prospective projects.

### CLAUD CLARK III, P.C.

### REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

December 17, 2018

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- \* Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- \* A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Espiritu Shores will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

### RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 31, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019 and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue. Sincerely,

Ralph S Bowden

Ralph S. Bowden President

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### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).

- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 18, 2019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway 185

and north of the Intracoastal Waterway, just west of Port

O'Connor, Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation easement.

**Date of the Appraisal Report:** January 28, 2019

**Date of Inspection:** January 18, 2019

**Date of Value Estimates:** December 17, 2018

**Date of Donation** December 17, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 333.33 Acres

Easement: 333.33 Acres

**Reserved:** One Two-Acre Reserved Building Zone located within the

easement.

Total: 333.33 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with one 2-acre

residential building zone

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

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### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

333.33 ACRES

THE STATE OF TEXAS}
THE COUNTY OF CALHOUN

BEING a 333.33 acre tract of land situated in a portion of the Cleto Garcia Survey, Abstract No. 14 and a portion of the Pedro Garcia Survey, Abstract No. 16, Calhoun County, Texas, being a portion of Lots 2 & 3, Section 8 and Lots 1 & 4, Section 9, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Deed Records, Calhoun County, Texas, and being that same called 333.33 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated June 3, 2015, conveyed from Texas Coastal Ranches, Inc. to Mike C. Williams as recorded in Instrument No. 143573 of the Official Public Records, Calhoun County, Texas, said 333.33 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the north corner of the aforesaid Williams Tract, same being the most southeast corner of a 100-foot Roadway Easement, a called 57.92 acre tract of land described by Instrument as recorded in Instrument Nos. 142554, 142846, & 142896 of the Official Public Records, Calhoun County, Texas respectively, and being along the southwest line of a called 461.64 acre tract of land described by Instrument to Matagorda Land Holdings, LLC as recorded in Instrument No. 152028 of the Official Public Records, Calhoun County, Texas for the north corner of the herein described tract;

THENCE, South 25°50'49" East, along a common line between said Williams Tract and the aforesaid 461.64 acre tract, at a distance of 3514.46 feet passing a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference along the common line between said Williams Tract and said 461.64 acre tract and continuing for a total distance of 3849.48 feet to a point marking the east corner of said Williams Tract, same being the south corner of said 461.64 acre tract, and being along the southeast line of a called 12,228.52 acre tract of land described by Instrument to Texas Ranch Holdings, LLC as recorded in Instrument No. 142897 of the Official Public Records, Calhoun County, Texas for the east corner of the herein described tract;

THENCE, South 62°05'55" West, along a common line between said Williams Tract and the aforesaid 12,228.52 acre tract, a distance of 3603.54 feet to a point marking the south corner of said Williams Tract and being the east corner of a called 246.79 acre tract of land described by Instrument to King Fisher Land Holdings, LLC as recorded in Instrument No. 2018-01609 of the Official Public Records, Calhoun County, Texas for the south corner of the herein described tract;

THENCE, North 28°18'13" West, along a common line between said Williams Tract and the aforesaid 246.79 acre tract, at a distance of 357.17 feet passing a found 5/8° steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference along the common line between said Williams Tract and said 246.79 acre tract and continuing for a total distance of 4027.48 feet to a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the west corner of said Williams Tract, same being the north corner of said 246.79 acre tract, and being the south most corner of the aforementioned 100-foot Road Easement for the west corner of the herein described tract:

THENCE, North 64°50'17" East, along a common line between said Williams Tract and said 100-foot Road Easement, a distance of 3774.13 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 333.33 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

08/14/2018

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in June, 2018 and are true and correct to the best of my knowledge and belief.

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor

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Introduction

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with potential development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such

Introduction

### **Identification of the Subject Property**

The Subject Property is located off of State Highway 185 and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 333.33 acres.

### **Prior Sales History**

There have been no qualified sales or transfers of the Subject Property within the last three years. The Subject is not currently listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Espiritu Shores, LLC

**Improvements** 

None

**Taxes** 

Introduction

- For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 333.33 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Garden Lake Estates

Document ID: ECOVEST-DOJ 0126605

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

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Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
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Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 26, 2014

Jack Sawyer Alston & Bird, LLP 1201 West Peachtree Street NW, #4200 Atlanta, GA 30309 Jack.sawyer@alston.com

RE: Conservation Easement Appraisal

Garden Lake Estates, Hilton Head Lakes, Hwy 278, Jasper County, SC

Dear Mr. Sawyer:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 26, 2014, and before the Subject Property is encumbered by the easement is as follows:

Unencumbered Garden Lake Estates Commercial Parcels Total Before Value	Acres 803 <u>19</u> <b>822</b>	FMV \$42,916,050 \$1,425,000 \$44,341,050	

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 26, 2014 is:

Encumbered	Acres	FMV
After Value – Land and Reserved Zone	803	\$1,553,000
Commercial Parcels	<u>19</u>	\$1,425,000
Total After Value	822	\$2,978,000

The value of the easement gift as of December 26, 2014 is as follows and is based upon the before and after value method. In determining the market nature of a conservation easement, the before and after method is a recognized technique.

	Acres	FMV
Total Before Value (Unencumbered)	822	\$44,341,050
Less Total After Value (Encumbered)	822	\$2,978,000
Value of the Easement	Rounded	\$41,363,000

The Subject Property has six reserved building sites, one lodge and five home sites, within a 33+- acre-building zone. This zone remains part of the eased property and, therefore is subject to the rules and restrictions of the easement; however, since these six sites within this zone do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 429 of 1318 Excerpts from Garden Lakes Estates Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and
  conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located on the north side of U.S. 278,

approximately three miles east of Interstate 95 outside of

Hardeeville, Jasper County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 26, 2014

**Date of Value Estimates:** December 26, 2014

**Date of Donation** December 26, 2014

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** EDD, Economic Development District

**Site:** 822 +- Acres

**Easement:** 803 +- Acres

**Excluded Commercial:** 19 +- Acres

**Reserved:** Building Zone with One Lodge Site and Five Home Sites

Total: 822 +- Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

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#### **Legal Descriptions and Maps**

#### **LEGAL**

ALL those certain pieces, parcels or tracts of land, situate, lying and being in the City of Hardeeville, Jasper County, South Carolina, shown and designated as

on that certain plat entitled "A Plat of Garden Lakes Estates, Lakeside Boulevard, Hilton Head Lakes North, A Portion of TMS 042-00-06-042, City of Hardeeville, Jasper County, South Carolina" dated May 23, 2014, prepared by Cook Land Surveying, certified by Donald R. Cook, Jr., P.L.S. (SC No. 19010), and recorded in the Office of the Register of Deeds for Jasper County, South Carolina ("Jasper County Records") in Plat Volume \_\_\_\_\_ at Page \_\_\_\_\_ (the "Plat"). For a more detailed description as to the metes and bounds, courses and distances, reference is had to the aforementioned recorded plat.

TM: A portion of 042-00-06-042

<sup>&</sup>quot;Parcel 1" containing 305.59 acres, more or less,

<sup>&</sup>quot;Parcel 2" containing 479.74 acres, more or less, and

<sup>&</sup>quot;Parcel 4" containing 17.86 acres, more or less,

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 822 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market

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Introduction

Area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

#### **Identification of the Subject Property**

The Subject Property is located on the north side of U.S. Route 278, approximately three miles east of Interstate 95, outside of Hardeeville, Jasper County, South Carolina. The site contains 822+- acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### **Ownership**

Garden Lake Estates, LLC

#### **Improvements**

None

#### Taxes

Individual lots were assessed at an average price of \$600. It was derived after an analysis of bulk lot assessments.

Site Data

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 822+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Glade Creek

Document ID: ECOVEST-DOJ 0222480

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

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Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 23, 2012

Mr. Edmund Cash Glade Creek, LLC 10 Long Branch Road Spencer, TN, 38585

Dear Mr. Cash:

RE: Conservation Easement Glade Creek

Spencer, Tennessee

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

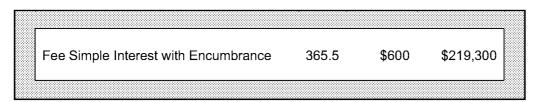
North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2011, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Fee Simple Interest	371.5	\$11,221,084.06

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2011 is:



The subject property has three (3) reserved home sites. While the home sites cannot claim ownership of the conservation easement area, they can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 20% enhancement to the reserved lots.

The value of the easement gift as of December 30, 2011 is as follows and is based upon the before and after value.

Fee Simple Interest	Before	371.5		\$11,221,084
Less Fee Simple Interest with	Encumbrance	365.5	\$600	\$219,300
Less Three 2-acre Building Si	tes plus Enhancement			<u>\$144,000</u>
Value of the Easement		ro	unded	\$10,857,784

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 445 of 1318 Excerpts from Glade Creek Appraisal

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QUALIFICATIONS OF CLAUD CLARK III	91
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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693

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State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 448 of 1318 Excerpts from Glade Creek Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located near Spencer, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 23, 2012

**Date of Value Estimates:** December 30, 2011

**Date of Donation** December 30, 2011

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 371.5 Acres

**Easement:** 365.5 Acres

**Reserved:** Three 2-acre Building Site

**Total:** 371.5

**Improvements:** ATV/Jeep Trails

High and Best Use

of Site as Though Vacant:

Before: Residential Development

After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 450 of 1318 Excerpts from Glade Creek Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

Introduction

#### **Legal Descriptions and Maps:**

Beginning at a point that bears \$ 06° 35' 25" W 2951 57 feet from a coal car rail being the northeastern corner of the said Long Branch Properties LLC property.

Thence continue 8 06°35'25" W 1178.71 feet to a 1/2" pipe (found);

Thence S 06°37'20" W 25.72 feet to a 1/2" pipe (found) in the center of the CC Road:

Thence continuing with the same along the center of the said road S 69°45'13" E 103.87 feet;

Thence S 82°08'52" E 168.60 feet; Thence S 52°33'19" E 121.82 feet;

Thence S 20°04'08" E 154.38 feet; Thence S 47°09'22" E 97.86 feet;

Thence S 03°02'30" E 109.55 feet; Thence S 26°29'47" E 420.53 feet;

Thence S 38°01'37" E 133.34 feet; Thence S 46°01'57" E 105.82 feet;

Thence S 57°57'05" E 85.48 feet; Thence S 85°01'57" E 151.75 feet;

Thence S 75°08'47" E 50.66 feet; Thence S 46°04'18" E 222.30 feet;

Thence S 40°39'19" E 131.08 feet; Thence S 34°08'45" E 341.16 feet;

Thence S 38°27'44" E 274.36 feet; Thence S 41°31'55" E 233.49 feet.

Thence S 48°06'25" E 158.91 feet, Thence S 37°26'46" E 110.62 feet;

Thence S 28°44'43" E 125.56 feet; Thence S 38°01'01" E 58.60 feet;

Thence S 52°06'20" E \$5.05 feet. Thence S 58°52'48" E 78.08 feet;

Thence S 55°09'46" E 52.81 (cet; Thence S 45°01'13" E 47.79 feet to a 1/2" pipe (found);

Thence leaving the said road and going with the State of Tennessee property S 08°38'36" W 2984.32 feet to a point in the center of Glade Creek;

Thence leaving the State property and going with Equestrian Village at Long Branch Lakes generally following the meanders of the said creck N 78°35'52" W 204,49 feet;

Thence N 36°45'39° W 117.72 feet: Thence N 01°25'05° W 186.03 feet;

Thence N 51°31'55° W 143.26 feet; Thence N 60°52'17" W 282.26 feet;

Thence N 46°05'54" W 166.06 feet; Thence N 46°05'54" W 58.01 feet;

Thence N 42°30′58" W 290.70 feet; Thence N 31°12′05" W 243.48 feet to the intersection of Glade Creek and a smaller branch:

The second section of the second seco

Thence leaving Glade Creek and continuing with the meanders of the branch N 79°29'38" W 244.49.

Thence S 01°09'29" W 379.91 feet; Thence N 89°55'52" W 207.83 feet:

Therice N 36°23'30" W 279.90 feet; Therice N 41°34'17" W 203.90 feet;

Thence N 83°00'23" W 197.89 feet; Thence N 43°55'52" W 131.82 feet;

Thence S 28°32'52" W 108.86 feet, Thence S 80°28'10" W 50.15 feet;

Thence N 34°57'45" W 116.17 feet: Thence N 44°48'37" W 88.67 feet to a point the branch; Thence leaving the said branch and going with the northern right-of-way of Long Branch Road N 11°03'45" W 12.53 feet:

Thence N 20°32'27" E 129.78 feet; Thence N 14°29'49" E 220.36 feet;

Thence N 00°31'02" E 76.20 feet; Thence N 21°16'54" W 179.98 feet;

Thence N 03°01'07" W 120.44 feet; Thence N 06°12'14" E 111.41 feet;

Thence N 01°32'20" E 97.39 feet: Thence N 08°53'45" E 45.71 feet;

Thence N 13°20'58" E 58.06 feet; Thence along a curve having an arc length of 134.56 feet, with a radius of 224.01 feet, and a chord of N 08°03'30" W 132.55 feet;

Thence N 30°46'16" W 59.12 feet; Thence N 36°44'37" W 180.85 feet;

Thence N 41°35'34" W 111.38 feet; Thence N 43°30'37" W 123.42 feet;

Thence N 46°18'42" W 226.59 feet; Thence N 46°46'35" W 143.90 feet;

Thence N 50°07'11" W 302.21 feet; Thence N 74°07'15" W 210.55 feet;

Thence N 49°20'44" W 93.00; Thence N 41°40'13" W 93.01;

Thence N 29°32'09" W 286,32 feet; Thence N 31°02'50" W 503.91 feet;

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 453 of 1318 Excerpts from Glade Creek Appraisal

Introduction

Theace N 07°32'07" W 284.31 fact: Theace N 12°25'07" W 84.29 feet;

Thence N 89°30'55" W 97.71 feet; Thence N 20°52'13" W 58.26 feet;

Thence along a curve having an arc length of 156.89 feet, with a radius of 140.78 feet, and a chord of N 64°26'47" W 148.89 feet.

Thence S 82°58'45" W 42.54 feet;

Thence N 88° 12'16" W 39.05 feet: Thence N 73°58'23" W 42.46 feet;

Thence N 59°56'19" W 132.75 feet; Thence N 40°53'58" W 59.56 feet;

Thence N 60°27'01" W 25.37 feet. Thence N 39°19'31" E 491.95 feet to the PC of a circular curve to the left, having a radius of 2475.00 feet:

Thence along said circular curve for an arc distance of 1954.28 feet, thru a central angle of 45°14"29" to the PT of said circular curve;

Thence N 05°54'57" W 127.60 feet, Thence S 72°12'00" E 1898.26 feet to the point of beginning (being 371.5 acres as surveyed by Christopher M. Vick R.L.S. #2164 and revised on Nov. 25 2011).

There is further conveyed herewith all easements and rights appurionant or related to the real property conveyed herein, and there is also conveyed by Grantor to Grantee mutual, non-exclusive rights to all easements and roads within Grantor's subdivision, but subject, however, to applicable restrictions pertaining to the same, for ingress, egress and utilities for the mutual use and benefit of said subdivision and the real property conveyed above, to run with the land forever.

Said easements, for the purposes described above, shall run with the land forever. Grantee, its successors, representatives and assigns shall neither block nor gate the easements in any fashion, and Grantee shall be responsible for reasonable reimbursements to Grantor, its successors, representatives and assigns, for all expenses and costs related directly or indirectly to repair and maintenance of said easements as a result of damages or degradation of the easements related directly or indirectly to

activities of Grantee, its successors, representatives or assigns, and their respective agents and invitees, upon or along said easements, except for that resulting from normal use unrelated to forestry or natural resource activity. By its recordation of this instrument, Grantee binds itself and its successors, representatives and assigns to these covenants.

The real property conveyed herein is part of the same property acquired by Grantor by virtue of a deed at Book 193, page 329, Register's Office, Bledsoe County, Tennessee.

This instrument and the real property conveyed herein are made further subject to the following encumbrances, exclusions, and matters of record regarding which neither warranty nor certification are given by Granter to Grantee, and which matters are believed in good faith to affect the real property conveyed herein: (a) all mineral rights reserved by predecessors in title, including without limitation, all mineral reservations and other matters of record in Warranty Deed Book 8, page 552, Register's Office, Van Buren County, Tennessee; and, (b) all easements and matters of record in Book WD12, page 702, said Register's Office; all of the aforesaid instruments being incorporated herein by reference thereto as if copied herein verbatim.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 454 of 1318 Excerpts from Glade Creek Appraisal

Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These types of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development, such as a valley with level to moderately sloping land for home and amenity

Introduction

#### **Identification of the Subject Property**

The subject property consists of one parcel located in Van Buren County, Tennessee. The site contains 371.5+- acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Glade Creek, LLC

Taxes

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FIRST CLASS MAIL U.S. POSTAGE PAID SPENCER TH PERMIT NO.6

NOTICE OF DELINQUENT TAXES RECORDS INDICATE BACK
TAXES ARE OWED ON THIS PROPERTY. PLEASE CONTACT THIS OFFICE IMMEDIATELY AS YOUR PROPERTY MAY BE SUBJECT TO A TAX SALE BY THE COURTS. IF ALL BACK TAXES HAVE RECENTLY BEEN PAID, PLEASE DISREGARD THIS MESSAGE.

LONG BRANCH PROPERTIES LLC

PO BOX 2579 ROME GA 30164

#### **Improvements**

None

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Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the subject property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

#### Conclusion:

The subject property consists of approximately 371.5 +- acres, of which approximately 371.5 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Greenway

Document ID: ECOVEST-DOJ\_0116209

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 30, 2013

Ralph Teal
The Teal Company
ralph@thetealcompany.com

RE: Conservation Easement Greenway Tract
Georgetown County, South Carolina
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

Dear Mr. Teal:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Self Contained Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317 I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the Subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2013, and before the Subject Property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	318.33	\$31,154,891

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2013 is:

		Acres	Value/Acre	FMV	
	After Value – Land Only (Encumbered)	318.33	\$1,500	\$477,495	
_		***************************************			<u> </u>

The value of the easement gift as of December 30, 2013 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	318.33		\$31,154,891
Less			
After Value – Land Only (Encumbered)	318.33	\$1,500	\$477,495
Value of the Easement		rounded	\$30,677,000

The Subject Property will have four (4) reserved homesites. These sites are not build ready; they would require prep and clearing, as well as they have no utilities, no access, and no approvals from NALT or other governing authorities. Due to these facts, I do not feel that these sites deserve a value over and above that of the encumbered per acre value of the property. These sites also due not warrant any enhancement due to these same facts.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #6678 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.

duki

- I have not prepared an appraisal of the subject property in the last five (5) years.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #6678

State Certified General Real Property Appraiser

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#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located approximately two miles

southeast of the city of Georgetown in Georgetown County,

South Carolina. It is located off Pennyroyal Road.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 30, 2013

**Date of Value Estimates:** December 30, 2013

**Date of Donation** December 30, 2013

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** Planned Development District (PD)

**Site:** 332.76 Acres

Easement: 318.33 Acres

**Reserved:** Road 14.43 Acres; Four (4) homesites

**Total:** 332.76 Acres

**Improvements:** None

High and Best Use Before: Residential / Resort Development

of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 466 of 1318 Excerpts from Greenway Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

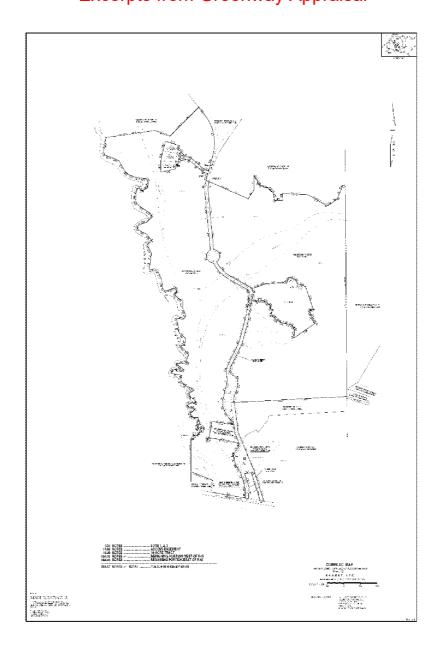
#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

**Legal Descriptions and Maps** 

LEGAL

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1,137   S-62/2110 W     1,138   S-72/2110 E     1,141   S-82/2110 E     1,141   S-82/2110 E     1,141   S-82/2110 E     1,141   S-82/2110 E     1,142   S-72/210 E     1,143   S-72/210 E     1,144   S-22/210 E     1,145   S-72/210 E     1,145   S-72/210 E     1,147   S-30/11/21 E     1,148   S-72/210 E     1,149   S-72/210 E     1,149   S-72/210 E     1,150   S-72	F3.00 110.81 79.02 88 20 88 730 110.82 18 20 88 711 144 87 83 56 62 153 47 72.50 23 35 65 50.00 233.83 23 27 66 85 79 267 66 85 79 267 66 120 59 120 59 664,64 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.94 724.	Are Largith  Are Largith  7722-38  87,17  129,59  191,237  222,67  191,237  222,67  306,38  222,67  306,38  222,67	86 N 1 882 N 1	13*1254* E 12*1625* W 12*1625* W 13*1625* W 13*1635* W	74.64* 758.72* 62.22* 62.22* 48.19* 50.99* 90.93* 73.15* 73.15* 73.15* 48.57* 648.73* 48.87* 48.87* 48.87* 75.91* 48.87* 75.91* 48.87* 75.91* 48.87* 75.91* 48.87* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91* 76.91*
1.14m   S.84/28/19* E	\$8.20* \$9.71* 148.87* 138.56* 219.65* 106.62* 155.47* 72.50* 335.96* 233.82* 23.37* 23.67* 69.36* 30.00* 257.92* 267.66*   Radius 820.50* 195.31* 260.00* 210.00* 241.00* 241.02* 250.00* 210.00* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.02* 241.	Anti-ength 772-38 S7.17 129-96 104-98 104-98 122-2-2-7 306-38 228-40 377-24	### N 4 4 9 9	415485F W 301320 W 301320 W 373216F W 373216F W 373216F W 373217F W 36135F W 275211F W 36435F W 375321F W 375321	52.82 \$6.04 \$6.99 \$6.93 \$6.93 \$5.15 \$1.15 \$1.15 \$0.16 \$4.73 \$4.87 \$4.87 \$4.87 \$5.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.987 \$6.
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\$147   \$300-11921* E \$148   \$148-709* W \$149   \$75'0400* E \$150   N #28219* W \$151   N 780040* W \$152   \$115'14   N 780040* W \$153   \$17'5556* W \$153   \$17'5556* W \$153   \$72'0474* E \$155   \$72'0474* E \$150   \$72'0474* E \$	72.50° 305.05° 25.00° 233.82° 131.95° 237.75° 35.76° 257.65°  Padius 820.35° 195.31° 280.00° 210.95° 241.02° 253.02° 210.95° 241.02° 242.32° 241.02° 242.32° 242.32° 242.32° 242.32° 243.32° 244.32° 244.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 242.32° 2	An Longth  An Longth  732.38  87.17  129.99  104.89  109.89  109.89  222.67  306.38  225.49  377.24	996 N 4 997 N 2 998 N 9 998 N 9 999 N 9 99 N 9 99 N 9 99 N 9 99 N 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9	074878" W 275071" W 074836" W 674871" W 074836" W 0751368" W 0751368" W 075244" W 075244" W 075244" W 075244" W 075244" W 075244" W 075244" W 075244" W 075246" W 075276" W 075276" W 075276" W 075276" W 075276" W 075276" W	56.19 50.16 50.16 48.38 48.38 48.76 48.76 49.77 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97 48.97
L151 N 78'0646"W L152 S 115'5314"W L153 S 17'55'56"W L153 S 17'55'56"W L156 S 72'4040"E L15	131.95* 23.87* 56.36* 50.00* 85.79* 267.66* Padius 803.87* 195.31* 280.00* 210.96* 245.31* 411.92* 530.02* 120.59* 120.59* 120.59* 120.59* 120.59* 120.55*	Aris Length 72.35 87.17 129.99 104.88 109.59 104.87 105.38 222.67 305.38 228.40 277.24	006 N 3 001 N 4 002 N 6 001 N 4 002 N 6 002 N 7 002 N 6 005 N 7 002 S 6 005 N 7 002 S 6 005 N	A 19156" W 60"4452" W 60"4452" W 87"5244" W 87"5244" W 81"1420" W 81"1420" W 81.930" W 10"157910" N 60"4732" 5 62"4732" 5 62"4500" S 53748" W N 555730" B N 12"0246"	64.76 48.73 55.64 49.87 50.97 48.80 85.35 123.73 W W E E E
L154   \$72°0404°E	83.79 267.66 Badius 820.90 195.31 260.00 210.90 245.31 411.62 500.02 120.59 120.59 120.59 120.59 120.59	And Length 122 38 87,17 129,58 104,59 104,59 101,23 222,67 306,38 226,40 377,24	021 N 7 204 N 8 205 S 5 306 N 8 007 S 8 Chord 768 36 128 84 103 99 108 39 109 39 129 32 221 32 225 28 372 20	22'27'48' W 58'51'40' W 58'51'40' W 58'51'40' W 58'53'0' W Ch Boar N 62'18'09' N 62'18'09' N 62'47'32' S 62'16'09' S 52'47'32' S 62'16'09' S 52'47'32' N 12'42'40' N 12'42'40'	49.87 50.91 48.80 85.35 123.73 W W W W W E W W
	Fadius 820,52 165,31 280,00 210,60 245,21 471,02 530,62 120,53 120,59 644,94 724,94 120,55	Art. Length 772, 36' 87, 17' 129, 98' 104, 98' 109, 59' 191, 22' 22' 27' 305, 38' 225, 40' 377, 24'	207 S 8 207 S 8 207 S 8 207 S 8 207 S 8 207 26 26.45 128.84 129.92 129.92 221.94 230.08 225.28 372.20	Ch Bear N 1973910' W N 627-809' N 627-809' N 627-809' S 637-809' S 637-89' N 757-80' B N 124-828'	35.35' 123.73' W W W W W E E E W
C1 C2 C3 C4 C5 C6 C7 C8 C10 C11 C12 C12 C12 C13 C14	820.96' 195.31' 280.00' 210.00' 245.31' 471.02' 530.02' 120.59' 120.59' 664.94' 724.94' 120.55'	732,35 87,17 129,96 104,96 109,50 191,23 222,67 306,39 225,40 377,24	708.26 26.45 128.64 103.90 108.59 189.92 221.04 290.08 236.28 372.20	N 10 73910" N 62 1600" N 63 4732" S 63 4732" S 62 1600" S 5 3748" V N 5 5 730 E N 13 10 246" N 12 14 5 26"	W E E W
C1 C2 C3 C4 C5 C6 C7 C8 C10 C11 C12 C12 C12 C13 C14	820.96' 195.31' 280.00' 210.00' 245.31' 471.02' 530.02' 120.59' 120.59' 664.94' 724.94' 120.55'	732,35 87,17 129,96 104,96 109,50 191,23 222,67 306,39 225,40 377,24	708.26 26.45 128.64 103.90 108.59 189.92 221.04 290.08 236.28 372.20	N 10 73910" N 62 1600" N 63 4732" S 63 4732" S 62 1600" S 5 3748" V N 5 5 730 E N 13 10 246" N 12 14 5 26"	W E E W
G3 G4 G5 G6 G7 G8 G9 G10 C11 C12 G10 G10 G10 G10 G10 G10 G10 G10 G10 G10	260.00° 210.00° 245.31° 471.02° 530.02° 120.59° 120.59° 664.44° 724.94° 120.55°	129,96' 104,96' 109,50' 191,23' 222,67' 305,38' 325,40' 377,24'	128.64' 103.90' 108.59' 189.92' 221.04' 230.08' 235.28' 372.20'	N 63°47'32" 5 63°47'32" 5 62°16'09" 5 5°37'48" V N 5°57'30" E N 13°02'40' N 12°45'26"	W E E W E
07 68 69 610 611 612 613 613	530,02° 120,59° 120,59° 664,94° 724,94° 130,55°	222.67' 305.39' 225.40' 377.24'	221.04° 230.08° 235.28° 272.20°	N 5:57'30" E N 13:02'46' N 12:45'26"	e W
C10 C11 C12 C13 C13	664,94° 724,94° 120,55°	377.24	372.20	1 2 7 2 2 2 2	200
014		61.71	413.35 61.04	\$ 44°27'27° \$ 43°55'08" \$ 48°32'46"	E
1 200	120.55' 60.55' 1349.40'	96.58' 79.61' 148.51'	93.10° 73.52° 148.43°	S 11°09°27° N 25°49'42° N 12°03'00°	W.
C16 G17 G18 G18 G18	1409.40' -664.13' 723.13' 254.60'	155.11' 183.20' 199.75' 114.05'	155,03" 182,52" 169,12" 113,10"	N 12/03/06* N 20/30/04* N 20/30/04* S 15/16/06*	E
G20 G21 G22	94.73' 157.93' 421.86'	93.61' 189.86' 107.08'	80,92" 178,51" 106,79"	S 40°59°25" N 32°53'57" N 19°48'38"	E E
C29 C24 C25	244.39 145.42 260.78 261.24	153.10' 103.70' 113.11' 205.05'	150.50° 101.51° 112.23°	5 2°58'45" V 5 46°32'26" 5 16°14'10"	E
C27 C28 C29	338.02' 314.60' 165.22'	181.61' 218.36' 70.40'	179.43° 214.00° 69.87°	N 1*27'32" E 5 8*13'94" V N 4*24'54" V	KV
C36 C31 C32	158.40' 231.20' 529.22'	119,49' 91,32' 138,31'	116.68 90.72 127.92	S 12"03'32" 5 27"32"29" N 3"30'06" V	E
	C24 C25 C26 C27 C28 C29 C30	G24 145.42 G25 260.76 G26 861.24 G27 336.92 G28 314.57 G29 165.22 G30 153.40 G31 231.20	C24	C24   145 42   193,79   191,57	C24



Appraised Subject consists of 349 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining lot sales which are generally similar to the Subject, which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

#### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method. Additionally, access to main line utilities is important

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property.

#### **Identification of the Subject Property**

The Subject Property consists of a parcel of land located off Pennyroyal Road, approximately two miles southeast of the city of Georgetown in Georgetown County, South Carolina. The property's eastern boundary is Turkey Creek, which intersects with The Sampit River approximately two miles above Georgetown Harbor.

#### **Prior Sales History**

There has been no sale involving the tract within the last three years. The Subject is not currently listed for sale.

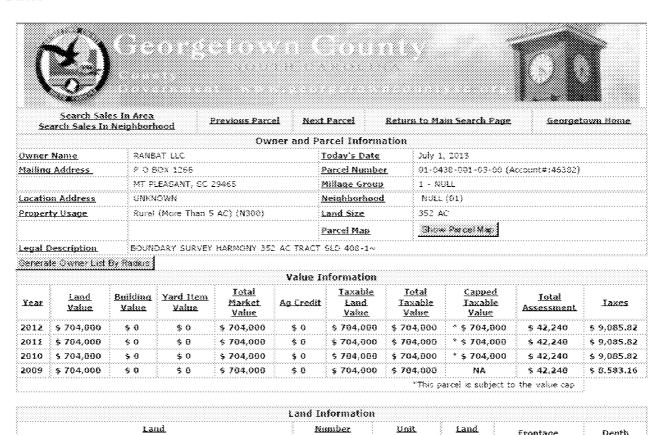
#### Ownership

Ranbat, LLC

#### *Improvements*

None

#### Taxes



Use

Rural (More Than 5 AC) (N300)

Depth

Frontage

Units

352

<u>Type</u>

ACRES

Type

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Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk": On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 318.33 +- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Hammersmith Landing

Document ID: ECOVEST-DOJ 0194025

#### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 30, 2019

Hammersmith Landing LLC C/O
Bob McCullough
EcoVest Capital, Inc.
Monarch Tower
3424 Peachtree Rd, NE, Suite 1550
Atlanta Ga. 30346
bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Hammersmith Landing, LLC 368.98 acre tract, Glynn County, Georgia

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

1

I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows:

Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement.

For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

#### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 368.98-acre conservation easement in Glynn County, Georgia. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of November 29, 2018, and Before the Subject Property is encumbered by the easement is as follows:

Total Fair Market Value Before the Easement Fee Simple	368.98	\$47,440,494

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of November 29, 2018 is:

Total Fair Market Value	368.98	\$590,368
After the Easement Fee Simple (1	rounded)	

The encumbered property also includes four reserved building zones that permit up to six residential building sites and one lodge site. In theory, if taken as separate components of the valuation, the building areas and the remaining eased area that cannot be improved have different values. These sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided that these

properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of November 29, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$47,440,494. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$590,368. Using the before and after method, the Fair Market Value of the Conservation Easement is \$46,850,000 (rounded).

Fair Market Value of the Easement	\$46,850,000		
Total Fair Market Value After the Easement	368.98	\$1,600	\$590,368
Total Fair Market Value Before the Easement	368.98		\$47,440,494

Fair Market Value of the Conservation Easement on the effective date is:

#### FORTY-SIX MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

GA License #322927

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#### Certification

#### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 21, 019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

GA License #322927

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The Subject Property is located off Highway 99 northwest

of Brunswick, Glynn County, Georgia.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

Function of the Appraisal: To estimate the fair market value of a conservation

easement.

**Date of the Appraisal Report:** January 30, 2019

**Date of Property Inspection:** January 21, 2019

**Date of Value Estimates:** November 29, 2018

**Date of Donation** November 29, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PD, Planned Development

**Site:** 368.98 Acres

Easement: 368.98 Acres

**Reserved:** Three Residential Building Zones totaling 6 acres and One

4-Acre Building Zone, located within the easement

**Total:** 368.98 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with four

Building Zones totaling 10 acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Georgia or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

**Legal Descriptions and Maps** 

#### Legal Description Tract 2 Altama Plastation

All of that lot, parcel or tract of land lying and being in the 1856® Georgia Militia District, Siyan County Georgia and being more particularly described as follows:

BESINGERS at a capped iron rebar found on the northerly right-ofway line of Georgia Highway 99 at the southeasterly property corner of a 120' Relocated Road Rasement, Altama Plentation (Plat Book 33 Page 67); thence leave said Georgia Highway 99 right-of-way line and proceed with the following courses and distances: thence N  $89^{8}55'83''$  % a distance of 354.50° to an iron rebar found; thence with a curve turning to the left with a radius of 2590.00', a chord bearing of N 48°45'40" W and a chord length of 798.96', thence along the arc of said curve a distance of 862.16' to a point; thence 8 87°38'44" % a distance of 514.19' to an iron rebar found; thence with a surve turning to the right with a radius of 1410.00', a chord bearing of N 35°33'23" W and a chord length of 1060.51', thence along the arc of said curve a distance of 1087.57' to an iron rebar found; thence N 13°26'44" W a distance of 295.60' to an iron repar found: thence with a curve turning to the left with a radius of 1360.00', a chord bearing of N 31°27'12" W and a chord length of 736.05', thence slong the arc of said curve a distance of 747.27' to an iron rebar found; thence N 49°32'30" W a distance of 802.09' to an iron rebar found; thence with a curve turning to the right with a radius of 1980.00', a chord bearing of 8 40°40'07" W and a chord length of 579.78', thence along the arc of said curve a distance of 582.10' to an iron rebar found; thence W 33°47'54" W a distance of 1093.68' to an iron rebar found; thence with a curve turning to the left with a radius of 1720.00%, a oboad bearing of N 37°15'22" W and a chord length of 829.43', Thence along the arc of said curve a distance of 329.94' to am iron mebar found; thence & 47°22'44" E a distance of 551.53' to an iron rebar found; thence N 67°20'53" W a distance of 132.15' to a concrete monoment found; thence N 47°30'06" E a distance of 116%.63' to a descrete monument found; thence 8 78°19'23" E a distance of 1871.30' to a capped iron rebar set; thence W 73°35'45" S a distance of 77.50' to a capped from rebar set; thence S 79"31'53" & a distance of 276.79' to a capped iron rebar set; thence % 77"01'49" & a distance of 72.99' to a capped iron rebar set; theoce & 56°00'37" E a distance of \$61.19' to a capped iron rebar set; thence with a curve turning to the left with a radius of 725.00', a chord bearing of S 39"54'65" E and a shord length of 77.27', thence along the arc of said curve a distance of 77.31' to a capped iron rebar set; thence with a reverse curve turning to the right with a radius of 400.00%, a chord bearing of 8 18"27'50" & and a chord length of 318.20', thence along the are of said curve a distance of 328.02' to a capped iron rebar set; thence with a reverse curve turning to the left with a sadius of 600.00', a chord bearing of S 07°04'86" B and a chord length of 251.48', thence along the and of said curve a distance of 253.36° to a campad iron rebar set; thence S 19°09'55" E a distance of 101.66' to a capped iron rebar set; thence 3 17"48"44" W a distance of 273.89" to a capped iron rebar set; thence 8 86°45'54" W a distance of 297.73' to a capped iron reber set; thence S 03°14'06" W a distance of 274.88" to a capped iron rebar set; thence with a curve burning to the left with a radius of 475.00%, a chord bearing of 5 02°17'58" & and a chord length of 91.62', thence along the arc of eald curve a distance of 91.76' to a capped iron rebar set;

thence 8 07°50'01" E a distance of 87.72' to a capped iron rebar set; thence with a curve turning to the right with a radius of 525.00%, a chord bearing of S  $04^{\circ}22^{\circ}25^{\circ}$  E and a chord length of 63.37%, thence along the arc of said curve a distance of 63.41' to a capped iron rebar set; thence 8 69°40'31" % a distance of 353.61' to a capped iron rebar set; thence S 07°87'58" W a distance of 232.82' to a capped iron rebar set; thence S 22°03'23" E a distance of 441.33' to a capped iron rebar set; thence S 61°06'10" & a distance of 340.65' to a capped iron rebar set; thence 8 13°50'41" W a distance of 369.90' to a capped inco rebar set: thence with a curve turning to the right with a radius of 655.00%, a chord bearing of S 45°56'29" E and a chord length of 349.66', thence along the arc of haid ourve a distance of 924.52' to a capped iron reper set; thence S GS 30'19" E a distance of 1:9.38' to a capped iron rebar cet; thence with a curve bereing to the left with a radius of 265.00%, a chord bearing of S 52°49'22" S and a chord length of 301.40', thence along the arc of said curve a distance of 330.60° to a capped iron reber set; thence N 79°51'36" D a distance of 117.19' be a capped iron rebar set; thence with a cerve terming to the left with a radius of 600.00%, a chord bearing of 8 24"04'68" B and a shord length of 240.08', thence along the arc of said curve a discance of 241.71' to a capped iron rebar set; thence S Gl 47'44" E a distance of 257.81 to a capped iron rebar set; thence 3 04"42'37" W a distance of 140.15' to a capped iron rebar set; thence 3 32°59'59" W a distance of 330.85' to a sapped iron rebar set; thence \$ 40°00'20" % a distance of 509.40" to a capped iron rebar set; thence 8 52°06'33" E a distance of 717.80' to a capped iron rebar set on the right-of-way line of said Georgia Righway 99: thence along said right-of-way line 8 37°53'27" Wa distance of 271.87' to a right-ofway concrete menument found; thence with a curve turning to the right with a radius of 2697.04', a chord bearing of S 43"29'06" W and a chord length of 516.49%, thence along the arc of said curve a distance of 5:7.30° to an iron rebar found; thence S 49°04'29" W a distance of 555.06° to the FOINT OF SEGINDING; said tract of land baying an area of having an area of 308,980 acres more or less

Since the property is vacant land with development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The report is divided into three sections.

Section I of the report, which deals with the unencumbered fee estate.

Section II of the report, which deals with the encumbered fee estate.

Section III of the report, which deals with reconciliation.

Sales were drawn from the area.

Highest and Best Use of the 368.98-acre portion of the Subject Property is substantially limited once encumbered by easement. Development is now perpetually prohibited, except in designated building zones.

Competency Provision

Based on my experience in appraising similar properties, I have the required data and experience to complete this appraisal in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I completed the Valuation of Conservation Easements Certificate Program.

I have prepared many conservation easement appraisals over the last twenty years.

Specific education relative to the assignment are:

The Income Approach, The Cost Approach, Highest and Best Use, Market Approach Appraisal of Conservation Easements, Appraisal of Land

#### **Identification of the Subject Property**

The Subject Property is located off Highway 99, northwest of Brunswick in Glynn County, Georgia. The site contains 368.98 acres.

#### **Prior Sales History**

There have been no qualified sales or transfers of the subject property within the last three years. The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

#### **Ownership**

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**Improvements** 

None

**Taxes** 

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 368.98 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

## Excerpts from appraisal of: Harbor Gate at Seadrift

Document ID: ECOVEST-DOJ 0206112

#### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 20, 2019

Harbor Gate at Seadrift LLC C/O
Bob McCullough
EcoVest Capital, Inc.
Monarch Tower
3424 Peachtree Rd, NE, Suite 1550
Atlanta Ga. 30346
bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Harbor Gate at Seadrift, LLC 433.40-acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance. I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement. For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

#### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

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In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 433.40-acre conservation easement in Calhoun County, Texas. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 21, 2018, and Before the Subject Property is encumbered by the easement is as follows:

Total Fair Market Value Before the Easement Fee Simple	433.40	\$89,151,855

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 21, 2018 is:

			1000
Total Fair Market Value	433.40	\$1,800	\$780,120
After the Easement Fee Simple (roun	nded)	·	

The encumbered property also includes three reserved residential building zones. In theory, if taken as separate components of the valuation, the building areas and the remaining eased area that cannot be improved have different values. These sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided that these properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of December 21, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$89,151,855. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$780,120. Using the before and after method, the Fair Market Value of the Conservation Easement is \$88,372,000 (rounded).

Fair Market Value of the Easement	•		\$88,372,000
Total Fair Market Value After the Easement	433.40	\$1,800	\$780,120
Total Fair Market Value Before the Easement	433.40		\$89,151,855

Fair Market Value of the Conservation Easement on the effective date is:

#### EIGHTY-EIGHT MILLION THREE HUNDRED SEVENTY-TWO THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

TX License # 1380003

## Case 1:18-cy-05774-AT Document 349-87 Filed 02/15/22 Page 502 of 1318 Excerpts from Harbor Gate at Seadrift Appraisal

#### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of Hurricane Harvey in 2017 on the prospective projects.

#### CLAUD CLARK III, P.C.

#### REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

December 21, 2018

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- It set an all-time record low pressure at Mobile's airport.
- \* Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Harbor Gate at Seadrift will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

### RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) Email: rsbclub@msn.com

August 31, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019 and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue. Sincerely,

Ralph S Bowden

Ralph S. Bowden President

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### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).

- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 18, 2019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

TX License # 1380003

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of Texas State

Highway 185, south of Texas State Highway 35, in the village

of Seadrift, Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation easement.

**Date of the Appraisal Report:** January 20, 2019

**Date of Inspection:** January 18, 2019

**Date of Value Estimates:** December 21, 2018

**Date of Donation** December 21, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 433.40 Acres

**Easement:** 433.40 Acres

**Reserved:** Three Reserved Building Zones located within the easement,

totaling 7.5 acres

**Total:** 433.40 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with three residential

building zones, totaling 7.5 acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### Word Case

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

#### 433.40 ACRES

THE STATE OF TEXAS}
THE COUNTY OF CALHOUR)

BEING a 433.40 acre tract of land situated in the Miguel Castillo Survey, Abstract No. 7, Calhoun County, Texas, being a portion of a called 451.59 acre tract of land described by Special Warranty Deed dated September 12, 2018, conveyed from Guadalupe Delta Bay Resort, LLC to V8C Calhoun Partners I, LLC as recorded in Instrument No. 2018-03328 of the Official Public Records, Calhoun County, Texas, and same being all of Tract 1, a called 258 acres, Tract 2, a called 144.32 acres, and Tract 3, a called 19.8 acres described by Instrument from George Pinckney, et al to Forestar (USA) Real Estate Group, Inc. as recorded in Instrument No. 102847 of the Official Public Records, Calhoun County, Texas, said 433.40 acre tract being more particularly described by metes and bounds as follows:

**BEGINNING** at a found 5/8" steel rebar along the southwest line of State Highway No. 185 (a 120-foot Right-of-Way) marking the west corner of a called 1.463 acre tract of land described by instrument to the State of Texas as recorded in Volume 43, Page 335 of the Deed Records, Calhoun County, Texas corner, same being an angle point along the northwest line of the remaining portion of a called 1033.74 acre tract of land described by instrument to Guadalupe Delta Bay Resort, LLC as recorded in instrument No. 130845 of the Official Public Records, Calhoun County, Texas, and being the east corner of a called 582.15 acre tract of land described by Instrument to Forestar (USA) Real Estate Group, Inc. as recorded in Instrument No. 102992 of the Official Public Records, Calhoun County, Texas for the north corner of the herein described tract:

THENCE, South 33"34"32" East, along the southwest right-of-way line of said State Highway No. 185, same being the southwest line of the aforesaid 1.463 acre tract, with the northeast line of said 451.59 acre tract, a distance of 2510.33 feet to a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the south corner of a called 1.977 acre tract of land described by instrument to the State of Texas as recorded in Volume 43, Page 337 of the Deed Records, Calhoun County, Texas, same being along the southeast line of the aforesaid Tract 1, and being the north corner of a called 505.92 acre tract of land described by instrument to MIG Land West, 1.P. as recorded in instrument No. 106749 of the Official Public Records, Calhoun County, Texas for the east corner of the herein described tract;

THENCE, South 52°54'47" West, departing the southwest right-of-way line of said State Highway No. 185, with a common line between said 451.59 acre tract and the aforesaid 505.92 acre tract, a distance of 7440.66 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for the south most corner of the herein described tract;

**THENCE**, North 53"01"55" West, over and across said 451.59 acre tract, a distance of 1223.86 feet to a point along the west line of said 451.59 acre tract and being along the intracoastal Waterway (Barge Canal) for the southwesterly corner of the herein described tract;

**THENCE**, with the meanders of the original property line, same being the west line of said 451.59 acre tract, the following courses and distances:

- North 07"06"03" East, a distance of 205.26 feet to an angle point for the herein described tract;
- North 00°02'41° East, a distance of 380.16 feet to an angle point for the herein described tract;
- North 75°43'38" West, a distance of 38.31 feet to an angle point for the herein described tract;

1

- North 13°53'38" West, a distance of 180.05 feet to an angle point for the herein described tract;
- North 04"26'22" East, a distance of 324.59 feet to an angle point for the herein described tract;
- North 23"09'38" West, a distance of 174.35 feet to an angle point for the herein described tract;
- North 10°02'38" West, a distance of 305.04 feet to a point for the west corner of the herein described tract;

**THENCE**, North 52°55'09" East, with a northwest line of said 451.59 acre tract, at a distance of 204.70 passing the south corner of the aforementioned 582.15 acre tract, at a distance of 1345.29 feet passing a found 5/8" steel rebar with plastic cap stamped "G&W" for reference, and continuing for a total distance of 7115.24 feet to the **POINT OF BEGINNING**, **CONTAINING** within these metes and bounds a 433.40 acre tract of fand, more or less, of which 2.49 acres lies within the Intracoastal Waterway Essement.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204). This survey was adjusted using a combined scale factor of 1.00001057421009 (GEO:D12A).

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in August, 2018 and are true and correct to the best of my knowledge and belief.

2

30/34/2048

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 6616

\$22773.00

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Introduction

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with potential development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such

as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The report is divided into three sections.

Section I of the report, which deals with the unencumbered fee estate.

Section II of the report, which deals with the encumbered fee estate.

Section III of the report, which deals with reconciliation.

Sales were drawn from the area.

Highest and Best Use of the 433.40-acre portion of the Subject Property is substantially limited once encumbered by easement. Development is now perpetually prohibited, except in designated building zones.

### Competency Provision

Based on my experience in appraising similar properties, I have the required data and experience to complete this appraisal in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I completed the Valuation of Conservation Easements Certificate Program.

I have prepared many conservation easement appraisals over the last twenty years.

Specific education relative to the assignment are:

The Income Approach, The Cost Approach, Highest and Best Use, Market Approach Appraisal of Conservation Easements, Appraisal of Land

Intended User

The term "intended user" is defined by USPAP as: "The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or consulting report, by the appraiser based on communication with the client at the time of the assignment".

This appraisal has been prepared for Harbor Gate at Seadrift, LLC, The IRS, and the client's tax advisors.

Intended Use

CLAUD CLARK III,

### **Identification of the Subject Property**

The subject is located on the south side of Texas State Highway 185, south of Texas State Highway 35, in the village of Seadrift, Calhoun County, Texas. The site contains 433.40 acres.

### **Prior Sales History**

There have been no qualified sales or transfers of the Subject Property within the last three years. The Subject is not currently listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Harbor Gate at Seadrift, LLC

### **Improvements**

None

### **Taxes**

### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

 Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 433.40 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Hickory Equestrian

Document ID: ECOVEST-DOJ\_0332645

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### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

\* Certified in AL, FL, MS, GA, CO † Certified in AL, GA

Writer's Email: Claud@ClarkAppraisals.com

January 24, 2012

Mr. Edmund Cash, Manager Hickory Equestrian, LLC P.O. Box 2579 Rome, GA 30165

Dear Mr. Cash:

RE: Conservation Easement Hickory Equestrian

Dade County, Georgia

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

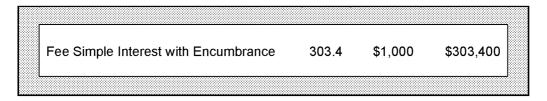
North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2011, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Fee Simple Interest	305.4	\$6,718,111

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2011 is:



The subject property has one (1) reserved home site. While the home site cannot claim ownership of the conservation easement area, it can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 20% enhancement to the reserved lot.

The value of the easement gift as of December 30, 2011 is as follows and is based up on the before and after value.

Fee Simple Interest Before	305.4		\$6,718,111
Fee Simple Interest with Encumbrance	303.4	\$1,000	\$303,400
One Lot Plus Enhancement			<u>\$48,000</u>
Value of the Easement	r	ounded	\$6,366,711

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III GA License #322927 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 525 of 1318 Excerpts from Hickory Equestrian Appraisal

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III GA License #322927

Vula

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 528 of 1318 Excerpts from Hickory Equestrian Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located in Dade County, Georgia.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 24, 2012

**Date of Value Estimates:** December 30, 2011

**Date of Donation** December 30, 2011

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

Site: 305.4 Acres

**Easement:** 303.4 Acres

**Reserved:** One 2-acre Building Site

Total: 305.4 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use

of Site as Though Vacant:

Before: Residential Development

After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

A Tract of land lying and being in Land Lot Nos. 138 (portion), S ½ of 139, S ½ of 140, 141 (Portion), 143(Portion), and 144(Portion), in the 18th District and 4th Section of Dade County, Georgia, being more particularly described as follows; (Reference Deed Book 281 Pg 328 and 330 and Deed Book 337 Pg 163)

Beginning at the Southwest corner of said land lot 141, said point being on the Georgia-Alabama State Line;

Thence with the said Georgia-Alabama State Line and the West Line of said Land Lot 141, N08°40'31'W 2890.38 feet to the Southwest corner of said Land Lot 140;

Thence continue with the said Georgia-Alabama State Line and the West Line of said Land Lot 140, N08°40'31"W 1330.85 feet to the Northwest comer of the S 1/2 of said Land Lot 140;

Thence with the North Line of the S ½ of said Land Lot 140, S88°51'48°E 253.20 feet to the Northwest corner of the S ½ of said Land Lot 139;

Thence with the North Line of the South ½ of said Land Lot 139, 558°04′53°E 2682.83 feet to the Northwest corner of the South ½ of said Land Lot 138;

Thence with the North Line of the South ½ of said Land Lot 138, \$89°38'01"E 1212.31 feet to a point West of the Public road running North and South through said Land Lot 138;

Thence with the West border of said Public road, 521°02'13"W 409.12 feet:

Thence continuing with the West border of said Public road, \$23°55'43"W 983.13 feet to a point on the South Line of said Land Lot 138

Thence with the South Line of said Land Lot 138 and 139, N88°51'48"W 1025.68 feet;

Thence S00°34'49"E 2783.39 (cet; Thence N89°13'04"E 790.08 (eet;

Thenre S03°57'50"E 345.61 feet; Thence S03°43'21"E 512.42 feet;

Thence S47"25'02"W 501.32 feet; Thence S84"14"08"W 406.03 feet;

Thence N67°54'48"W 353.84 feet; Thence N58°51'04"W 694.43 feet;

Thence N66°31'18"W 439.65 feet; Thence N37°20'41"W 483.76 feet;

Thence \$89°12'55"W 45.85 feet to the Point of Beginning. (containing 305.4 acres more or less)

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 533 of 1318 Excerpts from Hickory Equestrian Appraisal

Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for outdoor recreation oriented subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another

### **Identification of the Subject Property**

The subject property consists of one parcel located in Dade County, Georgia. The site contains 305.4+- acres.

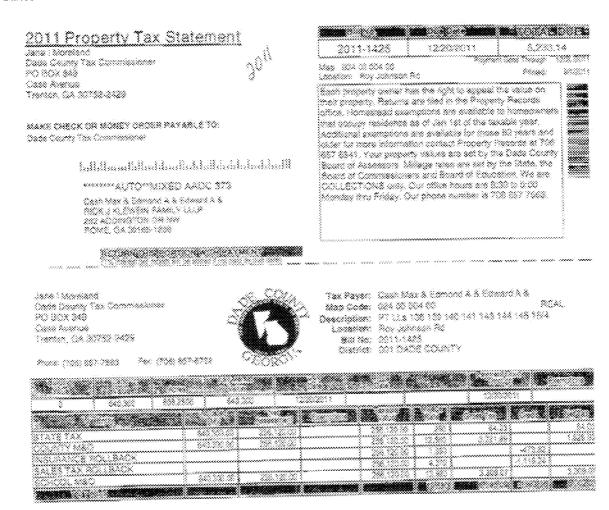
### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### Ownership

Hickory Equestrian, LLC

### **Taxes**



### **Improvements**

None

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 535 of 1318 Excerpts from Hickory Equestrian Appraisal

Site Data

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No
Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

### Conclusion:

The subject property consists of approximately 305.4 +- acres, of which approximately 305.4 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Hickory Preserve

Document ID: ECOVEST-DOJ 0121566

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 19, 2014

Donald Johnson Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Hickory Preserve
Chester County, South Carolina
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

Dear Mr. Johnson:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

1

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 19, 2014, and before the Subject Property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	1732.82	\$68,219,116

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 19, 2014 is:

ſ		Acres	Value/Acre	FMV
	After Value – Land Only (Encumbered)	1732.82	\$1,000	\$1,732,820

The value of the easement gift as of December 19, 2014 is as follows and is based upon the before and after value. In determining the market nature of a conservation easement, the before and after is a recognized technique.

	Acres	Value/Acre	FMV
Before Value	1732.82		\$68,219,116
Less			
After Value (Encumbered)	1732.82	\$1,000	<u>\$1,732,820</u>
Value of the Easement		rounded	\$66,486,000

There are seven (7) areas designated for the construction of residences and related residential uses. The property can be subdivided into the same number of parcels as there are building lots. The parcels that result from the subdivision must contain a building area. There is no minimum or maximum size. Based upon the review of other easements, the value of these sites does not warrant a value over and above the price per acre. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 541 of 1318 Excerpts from Hickory Preserve Appraisal

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I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO BEREBY CERTIFY "HICKORY PRESERVE, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD. STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FOURTEENTH DAY OF MARCH, A.D. 2014.

5178692 8300

140332252

You may varify this cortificate colls at carp delaware you/control sound AUTHENTICATION: 1208693

DATE: 03-14-14

231

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 544 of 1318 Excerpts from Hickory Preserve Appraisal

#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized members.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and
  conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on the east side of Interstate 77,

south of Richburg in Chester County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 19, 2014

**Date of Value Estimates:** December 19, 2014

**Date of Donation** December 19, 2014

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** EDD, Economic Development District

**Site:** 1732.82 Acres

Easement: 1732.82 Acres

**Reserved:** Seven (7) reserved areas.

**Total:** 1732.82 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

# Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

## Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

# Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

# Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

# **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

# Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

## **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

## Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

# **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

**Legal Descriptions and Maps** 

# **LEGAL**

# TRACT I:

(Interstate Land & Timber, LLC to Hickory Preserve, LLC)

# TRACT 1:

All that certain piece, parcel or lot of land containing 20 acres, more or less, situate, lying and being in the County of Chester, in the State of South Carolina, as shown and designated on a plat entitled "INTERSTATE LAND AND TIMBER, LLC" made April 19, 2005, by Carolina Surveyors, Inc. and recorded in Plat Cabine Slide 70, Page 1 in the Office of the Clerk of Court for Chester County, South Carolina.

For a more complete description as to courses and distances, metes and bounds, reference is directed to the aforementioned plat which is made a part hereof.

This being the same property conveyed to Interstate Land & Timber, LLC by Linda A. Berne by Deed dated April 29, 2005, and recorded April 29, 2005 in Book 889, Page 3.

Tax Parcel Number: 126-00-00-153.

# TRACT 2:

An undivided 20% interest in that certain piece, parcel or tract of land, situate and being in Chester County, State of South Carolina, containing 177.640 acres, more or less, as shown on a plat entitled "THE CARLTON TRACTS, SURVEYED FOR INTERSTATE LAND AND TIMBER, LLC" made January 29, 2007, by Carolina Surveyors, Inc., and recorded in Plat Cabinet D, Slide 102, Page 7 in the Office of the Clerk of Court for Chester County, South Carolina.

Said tract fronts on Martin Grave Road (gravel road) and is bounded generally on the north by property now or formerly owned by Alken & Patricia Beer and property now or formerly owned by Gregory K. Beer; on the east by properties now or formerly owned by Beliada Raffaldt and Bruce & Adrianna Reid; on the south by property now or formerly owned by SFG Dragonfly, LLC and other property of Janice Carlton; and on the west by property now or formerly owned by Plum Creek Timberlands and Interstate Land and Timber, LLC.

For a more complete description as to courses and distances, metes and bounds, reference is directed to the aforementioned plat which is made a part hereof.

This being a portion of the property conveyed by Janice B. Carlton to Longview Enterprises Associates, LLC and Interstate Land & Timber, LLC by Deed dated March 5, 2007 and recorded March 7, 2007 in Book 938 at Page 185 in the Office of the Clerk for Chester County, South Carolina.

Tax Parcel Number: 128-00-00-12.

# TRACT 3:

An undivided 20% interest in that certain, piece, parcel or tract of land, situate and being in Chester County, State of South Carolina, containing 152.381 acres, more or less, as shown on a plat entitled "THE CARLTON TRACTS, SURVEYED FOR INTERSTATE LAND AND TIMBER, LLC" made January 29, 2005 by Carolina Surveyors, Inc. and recorded in Plat Cabinet D, Slide 102, Page 7 in the Office of the Clerk of Court for Chester County, South Carolina.

Said tract is bounded generally on the north by property now or formerly owned by Plum Creek Timberlands and SFG Dragonfly, LLC; on the east by property now or formerly owned by SFG Dragonfly, LLC; on the south by Rocky Creek and property now or formerly owned by Robert & Catherine Reeves; and on the west by Rocky Creek and property now or formerly owned by John W. Stevenson.

For a more complete description as to courses and distances, metes and bounds, reference is directed to the aforementioned plat, which is made a part hereof.

This being a portion of the property conveyed by Janice B. Carlton to Longview Enterprises Associates, LLC and Interstate Land & Timber, LLC by Deed dated March 5, 2007 and recorded March 7, 2007 in Book 938, Page 185 in the Office of the Clerk of Court for Chester County, South Carolina.

Tax Parcel Number: 128-00-00-07.

# TRACT 4:

Commencing at S.C. Grid monument "Green Briar"; thence with a bearing of S 3°30'49" W, and a distance of 9492.45', to a point; thence with a bearing of S 70°34'26" W, and a distance of 1703.91', to a point; thence with a bearing of S 42°50'38" E, and a distance of 4520.50', to a point on the western Right of Way of I-77; thence crossing said right of way with a bearing of N 60°17'29" E, and a distance of 374.32', to the POINT OF BEGINNING of the tract described herein:

Thence with a bearing of S 66°18'46" E, and a distance of 1615.25', to a point; thence with a bearing of N 68°45'57" E, and a distance of 507.83', to a point; thence with a bearing of S 39°48'57" E, and a distance of 523.70', to a point; thence with a bearing of S 39°48'57" E, and a distance of 633.10', to a point; thence with a bearing of N 75°54'36" E, and a distance of 980.50', to a point; thence with a bearing of S 16°53'58" E, and a distance of 957.45', to a point; thence with a bearing of S 16°27'08" E, and a distance of 199.57', to a point; thence with a bearing of S 16°36'53" E, and a distance of 265.54', to a point; thence with a bearing of S 36°05'07" W, and a distance of 1084.34', to a point; thence with a bearing of S 78°31'42" W, and a distance of 1048.13', to a point; thence with a bearing of S 11°43'54" E, and a distance of 1012.12', to a point; thence with a bearing of S 11°39'25" E, and a distance of 1292.79', to a point; thence with a bearing of S 7°35'23" E, and a distance of 2843.88', to a point;

thence with a bearing of N 73°07′23″ E, and a distance of 1217.13′, to a point; thence with a bearing of S 12°43′36″ E, and a distance of 779.11′, to a point; thence with a bearing of S 44°39′49″ B, and a distance of 659.76′, to a point; thence with a bearing of S 16°45′57″ E, and a distance of 542.30′, to a point; thence with a bearing of S 15°48′51″ E, and a distance of 1763.30′, to a point; thence with a bearing of S 85°50′06″ W, and a distance of 1733.70′, to a point; thence with a bearing of S 20°27′19″ E, and a distance of 401.20′, to a point; thence with a bearing of S 15°48′25″ E, and a distance of 1267.05′, to a point; thence with a bearing of S 74°56′19″ W, and a distance of 1949.65′, to a point; thence with a bearing of S 42°46′19″ W, and a distance of 2263.76′, to a point on the eastern Right of Way of I-77; thence with said right of way the following twenty (20) calls:

- 1) thence with a bearing of N 17°51'16" W, and a distance of 865.46', to a point;
- 2) thence with an Arc to the Right, having a Radius of 11294.16, and a Length of 771.54, and being Chorded by a bearing of N 15°54'04" W, and a distance of 771.39' to a point;
- 3) thence with a bearing of N 0°47'01" E, and a distance of 202.91', to a point;
- 4) thence with a bearing of N 16°18'59" W, and a distance of 394.14', to a point;
- 5) thence with a bearing of N 22°04'32" W, and a distance of 100.44', to a point;
- 6) thence with an Arc to the Right, having a Radius of 11294.16', and a Length of 1853.88', and being Chorded by a bearing of N 5°44'31" W, and a distance of 1851.80' to a point;
- 7) thence with a bearing of N 1°00'57" W, and a distance of 793.68', to a point;
- 8) thence with a bearing of N 4°39'16" E, and a distance of 201.18', to a point;
- 9) thence with a bearing of N 6°31'27" W, and a distance of 201.90', to a point;
- 10) thence with a bearing of N 0°58'30" W, and a distance of 2699.40', to a point;
- 11) thence with a bearing of N 2°40°22" E, and a distance of 200.02', to a point:
- 12) thence with a bearing of N 4°49'32" W, and a distance of 197.33', to a point;
- 13) thence with a bearing of N 0°57'48" W, and a distance of 300.14', to a point;
- 14) thence with a bearing of N 8"57'06" E, and a distance of 203.74', to a point;
- 15) thence with a bearing of N 10°31'58" W, and a distance of 202.28', to a point;
- 16) thence with a bearing of N 1°01'57" W, and a distance of 899.52', to a point;
- 17) thence with a bearing of N 6°07'47" E, and a distance of 202.14', to a point;
- 18) thence with a bearing of N 0°59'05" W, and a distance of 600.00', to a point;
- 19) thence with a bearing of N 8°07'13" W, and a distance of 201.54', to a point;
- 20) thence with a bearing of N 0°59'05" W, and a distance of 4646.77', to the POINT

OF BEGINNING and containing 1150,322 Acres.

Being a portion of the property conveyed to Interstate Land & Timber, LLC by Deed of Blue Sky Timber Properties, LLC dated October 28, 2003 and recorded in Deed Book 850, Page 136 in the Office of the Clerk of Court for Chester County, South Carolina.

A portion of Tax Parcel Number 117-00-00-006.

and same more than the

# TRACT IA

(Longview Enterprises Associates, LLC to Hickory Preserve, LLC)

# TRACT 1:

All those two pieces, parcels or tracts of land situate, lying and being in the County of Chester, State of South Carolina, containing in the aggregate 24.93 acres, more or less, and as shown and designated as "New Parcel Area = 16.99 acres" and "New Parcel Area = 7.94 acres," on a map entitled "INTERSTATE LAND AND TIMBER, LLC" made April 19, 2005, by Carolina Surveyors, Inc. and recorded in Plat Cabinet D, Slide 70, Page 1 in the Office of the Clerk of Court for Chester County.

The said 16.99 acre parcel is bounded generally as follows: on the north by lands owned now or formerly by Patricia L. Rogers; on the east by SC Highway 901; on the south by tract owned now or formerly by Interstate Land and Timber, LLC; and on the west by tract owned nor or formerly by Nationswaste Catawba Regional Landfill, Inc.

The 7.94 acre tract is bounded generally as follows: on the north by a tract now or formerly owned by Interstate Land and Timber, LLC; on the east by SC Highway 901; on the south by lands owned now or formerly by Otis D. Huffstickler; and on the west by a tract now or formerly owned by Nationswaste Catawba Regional Landfill, Inc.

For a more complete description, as to courses and distances, metes and bounds, reference is directed to the aforementioned plat, which is made in part hereof.

This being the same property conveyed to Longview Enterprises Associates, LLC by Deed of Linda A. Berne dated January 25, 2007, and recorded in Deed Book 935, Page 96 in the Office of the Clerk of Court for Chester County, South Carolina.

Portion of Tax Map Number: 126-0-0-137.

# TRACT 2:

An undivided 80% interest in that certain piece, parcel or tract of land, situate and being in Chester County, State of South Carolina, containing 177.640 acres, more or less, as shown on a plat entitled "THE CARLTON TRACTS, SURVEYED FOR INTERSTATE LAND AND TIMBER, LLC" made January 29, 2007, by Carolina Surveyors, Inc., and recorded in Plat Cabinet D, Stide 102, Page 7 in the Office of the Clerk of Court for Chester County, South Carolina.

Said tract fronts on Martin Grave Road (gravel road) and is bounded generally on the north by property now or formerly owned by Allen & Patricia Beer and property now or formerly owned by Gregory K. Beer; on the east by properties now or formerly owned by Belinda Raffaldt and Bruce & Adrianna Reid; on the south by property now or formerly owned by SFG Dragonfly, LLC and other property of Janice Carlton; and on the

west by property now or formerly owned by Plum Creek Timberlands and Interstate Land and Timber, LLC.

For a more complete description as to courses and distances, metes and bounds, reference is directed to the aforementioned plat which is made a part hereof.

This being a portion of the property conveyed by Janice B. Carlton to Longview Enterprises Associates, LLC and Interstate Land & Timber, LLC by Deed dated March 5, 2007 and recorded March 7, 2007 in Book 938 at Page 185 in the Office of the Clerk for Chester County, South Carolina.

Tax Parcel Number: 128-00-00-12.

# TRACT 3:

An undivided 80% interest in that certain, piece, parcel or tract of land, situate and being in Chester County, State of South Carolina, containing 152.381 acres, more or less, as shown on a plat entitled "THE CARLTON TRACTS, SURVEYED FOR INTERSTATE LAND AND TIMBER, LLC" made January 29, 2005 by Carolina Surveyors, Inc. and recorded in Plat Cabinet D, Slide 102, Page 7 in the Office of the Clerk of Court for Chester County, South Carolina.

Said tract is bounded generally on the north by property now or formerly owned by Plum Creek Timberlands and SFG Dragonfly, LLC; on the east by property now or formerly owned by SFG Dragonfly, LLC; on the south by Rocky Creek and property now or formerly owned by Robert & Catherine Reeves; and on the west by Rocky Creek and property now or formerly owned by John W. Stevenson.

For a more complete description as to courses and distances, metes and bounds, reference is directed to the aforementioned plat, which is made a part hereof. This being a portion of the property conveyed by Janice B. Carlton to Longview Enterprises Associates, LLC and Interstate Land & Timber, LLC by Deed dated March 5, 2007 and recorded March 7, 2007 in Book 938, Page 187 in the Office of the Cierk of Court for Chester County, South Carolina.

Tax Parcel Number: 128-00-00-07.

# TRACT 4:

Beginning at a rebar located at the northeasterly corner of that certain tract of land conveyed to Longview Enterprises Associates, LLC by Deed of Plum Creek Timberlands, L.P., said Deed dated December 22, 2006 and recorded in Book 932 at Page 43 in the Office of the Clerk of Court for Chester County, South Carolina, said point being also the northernmost corner of said tract conveyed by Plum Creek Timberlands, L.P. and running thence from said Beginning Point South 74-56-19 West 2,101.44 feet to a stone; thence South 42-46-19 West 2,263.76 feet to a rebar located on the easterly

margin of the 330 foot wide right-of-way of Interstate 77; thence with said easterly margin Interstate 77 South 17-52-32 East 1,845.35 feet; thence continuing with said margin of Interstate 77 and with the arc of a circular curve to the left having a radius of 23,083.90 feet, an arc distance of 19.37 feet, said arc being subtended by a chord having a chord bearing of South 17-51-24 East and a chord distance of 19.37 feet to a rebar; thence North 37-26-54 East 807.35 feet to a point; thence South 84-54-02 East 339.54 feet to a point; thence North 75-50-58 East 475.20 feet to a pipe; thence North 57-38-58 East 1,467.57 feet to a pipe; thence North 60-35-58 East 1,254 feet to a rebar; thence North 77-30-58 East 132 feet to a rebar; thence North 71-41-42 East 137.91 feet to a rebar; thence North 37-50-51 East 140.28 feet to a stone; thence North 17-34-00 West 192.46 feet to a rebar; thence North 72-27-41 West 148.50 feet to a point; thence North 54-57-41 West 115.50 feet to a rebar; thence North 09-47-41 West 104.28 feet to a pipe; thence North 47-02-41 West 725.53 feet to a pipe; thence North 09-30-03 West 791.16 feet to the point and place of beginning as shown on a survey of Carolina Surveyors, Inc. dated December 20, 2006.

The property described above is a portion of the tract conveyed to Longview Enterprises Associates, LLC by Deed of Plum Creek Timberlands, L.P. dated December 22, 2006 and recorded in Deed Book 932 at Page 43 in the Office of the Clerk of Court for Chester County, South Carolina.

Being a portion of Tax Parcel Number: 128-00-00-002.

Introduction

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D.Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

Introduction

# **Identification of the Subject Property**

The Subject Property is located on the east side of Interstate 77, south of Richburg in Chester County, South Carolina. The site contains 1732.82+- acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

Hickory Preserve, LLC

# *Improvements*

None

# **Taxes**

Individual lots were assessed at an average price of \$360. It was derived after an analysis of bulk lot assessments.

Site Data

# Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.

• The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

# Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

# Conclusion:

The Subject Property consists of approximately 1732.82+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: High Rocks

Document ID: ECOVEST-DOJ 0332840

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 560 of 1318 Excerpts from High Rocks Appraisal

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 23, 2012

Mr. Edmund Cash, Manager High Rocks, LLC 10 Long Branch Road Spencer, TN, 38585

Dear Mr. Cash:

RE: Conservation Easement High Rocks

Spencer, Tennessee

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 28, 2011, and before the subject property is encumbered by the easement is as follows:

Acres FMV Fee Simple Interest 164.5 \$6,129	
Fee Simple Interest 164.5 \$6,129	
	,951

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 28, 2011 is:

Fee Simple Interest with Encumbrance	164.5	\$350	\$57,523

There are three (3) building sites not owned by the entity granting the easement that are outside of the boundary of the easement. There is no enhancement issue to these building sites, as they are not owned by a related party, as defined by the IRS. The entire tract is eased and there is no contiguous land to be considered, and thus no enhancement value. These sites have no current access roads and are to be accessed via an easement provided by the property. See the legal description located in the report for a description of this easement.

The value of the easement gift as of December 28, 2011 is as follows and is based upon the before and after value.

Fee Simple Interest Before	164.5		\$6,129,951
Fee Simple Interest with Encumbrance	164.5	\$350	<u>\$57,523</u>
Value of the Easement	ro	ounded	\$6,072,429

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693

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State Certified General Real Property Appraiser

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# Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located near Spencer, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 23, 2012

**Date of Value Estimates:** December 28, 2011

**Date of Donation** December 28, 2011

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

Site: 164.5 Acres

**Easement:** 164.5 Acres

Reserved: 0

**Total:** 164.5

**Improvements:** Jeep/ATV Trails

High and Best Use

of Site as Though Vacant:

Before: Residential Development

After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

# Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

## Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

# Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

# **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

## Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

# Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

## Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

## Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

# **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

## **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

## Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

# **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

The following is a description of the High Rocks LLC property located in the 3rd Civil District of Van Buren County, Tennessee. (Reference Warranty Deed Book RB12 Page 702, RB 36 Page 623)

Beginning at a steel fence post on the edge of Camps Gulf Branch being the southwestern corner of the tract described herein; thence going with the Walden Ridge LLC property N 08°08'30" E 648.40 feet to a stone; thence leaving Walden Ridge property and going with Maynord Ashley property N 08°43'15" E 1058.32 feet to a stone; thence continuing with the same N 08°29'46" E 611.92 feet to a stone; thence S 81°53'27" E 1386.01 feet to a coal car rail; thence N 08°09'46" E 1172.02 feet to a coal car rail; thence leaving Ashley and going with Terry Nations, Dennis Yates, David Shetter, Harold Janow and William Pruett along the following calls: S 81°34'11" E. 1486.00 feet; thence S 82°00'29" E 1307.07 feet; thence S 83°03'57" E 722.91 feet to a coal car rail, thence leaving Pruett and going with Rip Van Winkle S 08° 18'31" W 908 39 feet at the aforementioned Camps Gulf Branch; thence leaving Van Winkle and going with the Homesites of the High Rocks of Long Branch Lakes at Fall Creek Falls and generally following the meanders of the said Branch N  $66^{\circ}24'40''$  W 102.22 feet; thence N  $64^{\circ}10'31''$  W 256.48 feet; thence N 58°05'04" W 209.07 feet; thence N 65°39'48" W 162.56 feet; thence S 76°49'00" W 133.59 feet; thence S 76°26'21" W 275.73 feet; thence N 68°02'00" W 124.73 feet; thence N 45°20'11" W 146.24 feet; thence N 58°06'29" W 84.46 feet; thence N 48°06'15" W 67.25 feet; thence N 38°09'52" W 138.86 feet; thence S 44°49'48" W 151.86 feet; thence S 71°17'12" W 132.39 feet; thence S 77°28'17" W 170.96 feet; thence S 73°59'15" W 220.19 feet; thence S 29°54'25" E 216.59 feet; thence S 11°45'39" E 192.24 feet; thence S 59°35'47" W 42.66 feet; thence N 61°40'07" W 50.78 feet; thence S 50°18'56" W 155.90 feet; thence S 38°04'11" W 230.60 feet; thence S 72°45'00" W 207.42 feet; thence S 79°27'50" W 159.90 feet; thence S 36°57'25" W 105.89 feet; thence S 42°20'32" W 126.39 feet; thence S 74°33'38" W 163.40 feet; thence S  $64^{\circ}39^{\circ}55^{\circ}$  W 265.64 feet; thence S  $39^{\circ}55^{\circ}05^{\circ}$  W 80.70 feet; thence S  $46^{\circ}12^{\circ}09^{\circ}$  W 141.05 feet; thence \$ 29°06'55" W 127.46 feet; thence \$ 54°23'36" W 311.14 feet; thence \$ 42°44'00" W 68.74 feet; thence S 42°44'00" W 146.84 feet; thence S 39°43'56" W 215.76 feet; thence \$ 34°23'18" W 204.40 feet, thence \$ 40°05'36" W 58.06 feet to a point at the end of Rocky Lane; thence along a curve turning to the left having an arc length of 194.79 feet, and a radius of 50.00 feet, with a chord of S 05°13'18" W 92.97 to a point; thence continuing with Camps Gulf Branch S 06°27'19" E 67.99 feet; thence S 85°07'09" W 165.91 feet; thence S 63°36'11" W 185.75 feet; thence N 77°03'09" W 231.99 feet; thence S 55°07'32" W 81.44 feet; thence S 88°57'55" W 143.15 feet; thence N 32°09'56" W 158.71 feet; thence N 54°16'07" W 163.75 feet; thence \$53°56'35" W 192.58 feet to the beginning being 169.99 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 14 March 2001 (revised 26 June 2006).

# Less and Except the following Building Areas:

# Building Area 1:

Beginning at a stone being the northwestern corner of the Long Branch Properties LLC property (LBL); thence S 43°43'54" E 763.77 feet to the point of beginning being the northwestern corner of the parcel herein described; thence going with the southern right-of-way of a proposed road N 81°45'28" E 68.20 feet; thence S 69°21'02" E 136.04 feet; thence S 32°42'45" E 191.74 feet; thence going with the remainder of the Long Branch property S 80°17'28" W 314.08 feet to a point; thence N 02°31'52" E 252.74 feet to the beginning being 1.26 acres.

# Building Area 2:

Beginning at a stone being the northwestern corner of the Long Branch Properties LLC property (LBL); thence S 60°39'39" E 1480.48 feet to the beginning being the southwestern corner of the tract herein described; thence going with the remainder of the Long Branch property N 08°41'33" W 560.00 feet to a point; thence leaving the LBL property and going with Ashley Maynard S 81°53'27" E 167.88 feet to a coal car rail; thence leaving Maynard and again going with the remainder of the LBL property S 26°51'56" E 410.70 feet to a point; thence going with the northern right-of-way of the proposed Rocky Lane S 68°06'14" W 105.65 feet; thence S 53°43'43" W 209.79 feet to the beginning being 2.44 acres.

# Building Area 3:

Beginning at a stone being the northwestern corner of the Long Branch Properties LLC property (LBL); thence S 80°50'25" E 2125.48 feet to the beginning being the southernmost corner of the tract herein described; thence going with the remainder of the Long Branch property N 35°07'27" W 234.64 feet to a point; thence N 53°09'11" E 345.10 feet to a point; thence S 39°02'22" E 224.03 feet to a point; thence along a curve having an arc length of 362.67 feet, with a radius of 1052.55 feet, and a chord of S 51°27"29" W 360.88 feet to the beginning being 1.94 acres.

The above descriptions were derived from a master plan of the High Rocks future development and have only been paper located and not physically surveyed by Vick Surveying LLC.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 572 of 1318 Excerpts from High Rocks Appraisal

The following is a description of the easement through the High Rocks LLC property located in the 3rd Civil District of Van Buren County, Tennessee. (Reference Warranty Deed Book RB12 Page 702, RB 36 Page 623)

# Easement Leading from the end of Rocky Lane to Building Area #2 and 3:

The following is a description of the center of a 50 foot wide easement; beginning on a point in the center of the culd-a-sac at the end of Rocky Lane; thence going with the center of the proposed Rocky Lane N 18°05′58" W 45.92 feet; thence N 12°15′19" W 710.85 feet; thence N 01°07′01" E 103.99 feet; thence N 11°55′25" E 79.13 feet; thence N 33°06′10" E 80.99 feet; thence N 51°10′05" E 69.88 feet; thence N 53°43′43" E 922.42 feet; thence N 68°06′14" E 505.63 feet; thence along a curve having an arc length of 558.95 feet, with a radius of 1077.55 feet, and a chord of N 56°18′46° E 552.71 feet to a point in the center of the proposed road.

# Easement Leading from the end of Rocky Lane to Building Area #1:

The following is a description of the center of a 50 foot wide easement; beginning on a point in the center of the culd-a-sac at the end of Rocky Lane; thence going with the center of the proposed Rocky Lane N 18°05'58" W 45.92 feet; thence N 12°15'19" W 710.85 feet; thence N 01°07'01" E 103.99 feet; thence N 11°55'25" E 79.13 feet; thence N 33°06'10" E 80.99 feet to a point; thence N 51°10'05" E 69.88 feet; thence N 53°43'43" E 188.03 feet; thence leaving Rocky Lane and going with the center of a proposed road N 05°17'30" W 316.09 feet; thence N 32°42'45" W 206.12 feet; thence N 69°21'02" W 150.76 feet; thence S 81°45'28" W 103.44 feet to a point in the center of the proposed road.

The above descriptions were derived from a master plan of the High Rocks future development and have only been paper located and not physically surveyed by Vick Surveying LLC.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 573 of 1318 Excerpts from High Rocks Appraisal

Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of

Introduction

# **Identification of the Subject Property**

The subject property consists of one parcel located in Van Buren County, Tennessee. The site contains 164.5+- acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

High Rocks, LLC

Taxes

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FIRST CLASS MAIL U.S. POSTAGE PAID SPENCER TN PERHIT NO.6

LONG BRANCH PROPERTIES LLC

PO BOX 2579 ROME GA 30164

649.50

HROCKS

**Improvements** 

None

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 575 of 1318 Excerpts from High Rocks Appraisal

Site Data

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No
Observed staining of soils:
Observed distressed vegetation:
On-Site: No; Adjacent: No
On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No
Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

# Conclusion:

The subject property consists of approximately 164.5 +- acres, of which approximately 164.5 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Highway 30

Document ID: ECOVEST-DOJ 0223766

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 577 of 1318 Excerpts from Highway 30 Appraisal

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 24, 2012

Mr. Edmund Cash, Manager Highway 30, LLC 10 Long Branch Road Spencer, TN, 38585

Dear Mr. Cash:

RE: Conservation Easement Highway 30

Spencer, Tennessee

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2011, and before the subject property is encumbered by the easement is as follows:

		Acres	FMV
Fe	e Simple Interest	63.1	\$3,307,305
			,

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2011 is:

Fee Simple Interest with Encumbrance	63.1	\$400	\$25,240

There are two (2) building sites not owned by the entity granting the easement that are outside of the boundary of the easement. There is no enhancement issue to these building sites, as they are not owned by a related party, as defined by the IRS. The entire tract is eased and there is no contiguous land to be considered, and thus no enhancement value. These sites are located off Highway 30.

The value of the easement gift as of December 30, 2011 is as follows and is based upon the before and after value.

Fee Simple Interest Before	63.1		\$3,307,305
Less			
Fee Simple Interest with Encumbrance	63.1	\$400	<u>\$25,240</u>
Value of the Easement	63.1	rounded	\$3,282,065

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 579 of 1318 Excerpts from Highway 30 Appraisal

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693

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State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 583 of 1318 Excerpts from Highway 30 Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located near Spencer, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 24, 2012

**Date of Value Estimates:** December 30, 2011

**Date of Donation** December 30, 2011

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

Site: 63.1 Acres

**Easement:** 63.1 Acres

Reserved: 0

**Total:** 63.1 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Hunting or Recreational Use

**Estimated Marketing Time:** 12-18 months

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### LEGAL DESCRIPTION HIGHWAY 30 LLC CONSERVATION AREA

The following is a description of The Highway 30 Conservation easement being a portion of the Highway 30, LLC property located on Highway 30 in the 3<sup>rd</sup> Civil District of Van Buren County, Tennessee. (Reference Warranty Deed Book RB56 Page 293 and Tax Map 49 Parcel 16.00)

Beginning on a an iron pin on the South side of Tennessee Highway #30; thence S07°15′00"W, 1795.64' to a stone; thence N82°24′10"W, 1617.27' to a stone; thence N06°50′00"E, 1268.13' to a stone; thence S82°59'30"E, 460.17' to a stone; thence N07°16'50"E, 748.49' to a post and stone on the South side of Tennessee Highway #30; thence with said highway right of way; S77°48'00"E, 231.7'; S77°28'40"E, 68.62'; S77°25'30"E, 140.32'; S75°38'10"E, 108.54'; S66°54'30"E, 96.10; S66°29'40"E, 183.78'; S66°55'40"E, 156.11'; S67°00'10"E, 114.22'; S65°97'50"E, 94.80 to the point of beginning, containing 65.17 acres, as per survey of Bedford W. Jackson, Tennessee Registered Land Surveyor #50, on December 11, 1992.

#### Less the following described Building Areas:

The following are descriptions of the Building areas of The Highway 30 Conservation easement being a portion of the Highway 30, LLC property located on Highway 30 in the 3<sup>rd</sup> Civil District of Van Buren County, Tennessee. (Reference Warranty Deed Book RB56 Page 293 and Tax Map 49 Parcel 16.00)

#### **Building Area 1:**

Beginning on a stone being the northwestern corner of this described parcel; thence running with the southern right-of-way of Highway 30 S 77°48′02" E 209.16 feet to a point; thence leaving the said highway and going with the remainder of the Highway 30, LLC property S 06°50′09" W 211.67 feet to a point; thence N 82°11′18" W 210.04 feet to a point; thence leaving the Highway 30 property and going with the Jo Ann Beach property N 07°16′50" E 227.65 feet to the beginning being 1.05 acres.

#### **Building Area 2:**

Beginning on a stone being the northwestern corner of the Highway 30, LLC property; thence S 74°33′11" E 735.07 feet to the beginning being the northwestern corner of the tract herein described; thence going with the southern right-of-way of Highway 30 S 66°29′42" E 91.57 feet to a point; thence S 66°55′40" E 117.44 feet to a point, thence leaving the said Highway and going with the remainder of the Highway 30, LLC property S 22°35′34" W 214.96 feet to a point; thence N 65°46′37" W 209.16 feet to a point; thence N 22°36′48" E 211.45 feet to the beginning 1.02 acres.

Note: The above described parcels were generated from the description of record.

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Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of

#### **Identification of the Subject Property**

The subject property consists of one parcel located in Van Buren County, Tennessee. The site contains 63.1+- acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Highway 30, LLC

#### **Taxes**

	PT NO. 05091		FIRST CLASS MAIL
TAMMIE H CLENDENON VAN BUREN CO TRUSTEE PO BOX 176	•		U.S. POSTAGE PAID SPENCER TN
SPENCER TN 3	e585 (931)94		PERMIT NO. 6
DI MAP GP CT	WAP PARCE		
03 049 84	9 61666	088	
PROPERTY ADDRESS			
STATE ROUTE 30 27872			
Subdivision name	BLK	123	
ERES 65.17	Mie co	300	
GB APP RB50/940 TAKES ARE DUE AND	CLASSIFICATI		
Payable without Penalty	AGRICUL'		
ROM OCT 1 09	ROLLBACK YAS	EQ PACTOR	
THRU FEB 28 18			
PROPERTY TAX INFO	96,40	<del></del>	
appraisal Assessment @ 25% \$	24,10		KLEWEIN RICK
TAX RATE PER \$100 OF ASMT	\$ 1.430		FAMILY LTD PARTNERSHIP
CURRENT TAXES \$	345.0	g SSD	9469 HOS JOWL ROAD
ROLLBACK TAXES \$	6.5		CHICKAMAGUA IN 30707
TOTAL DUE		,	<b>G</b> A

#### *Improvements*

None

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Site Data

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

#### Conclusion:

The subject property consists of approximately 63.1 +- acres, of which approximately 63.1 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Indigo Sound

Document ID: ECOVEST-DOJ 0213350

#### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 30, 2019

Indigo Sound LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Indigo Sound, LLC 267.005 acre tract, Glynn County, Georgia

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with Section 170(f)(11)(E)(i). My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

1

I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows:

Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement.

For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

#### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 267.005-acre conservation easement in Glynn County, Georgia. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 13, 2018, and Before the Subject Property is encumbered by the easement is as follows:

Total Fair Market Value Before the Easement Fee Simple	267.005	\$46,970,472

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 13, 2018 is:

Total Fair Market Value	267.005	\$427,208
After the Easement Fee Simple (1	rounded)	

The encumbered property also includes three reserved residential building zones that permit up to two residential building sites each. In theory, if taken as separate components of the valuation, the building areas and the remaining eased area that cannot be improved have different values. These sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided that these

properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of December 13, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$46,970,472. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$427,208. Using the before and after method, the Fair Market Value of the Conservation Easement is \$46,543,000 (rounded).

Total Fair Market Value Before the Easement	267.005		\$46,970,472
Total Fair Market Value After the Easement	267.005	\$1,600	\$427,208
Fair Market Value of the Easement			\$46,543,000

Fair Market Value of the Conservation Easement on the effective date is:

#### FORTY-SIX MILLION FIVE HUNDRED FORTY-THREE THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

GA License #322927

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#### Certification

#### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 21, 019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

GA License #322927

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The Subject Property is located off Highway 99 northwest

of Brunswick, Glynn County, Georgia.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

Function of the Appraisal: To estimate the fair market value of a conservation

easement.

**Date of the Appraisal Report:** January 30, 2019

**Date of Property Inspection:** January 21, 2019

**Date of Value Estimates:** December 13, 2018

**Date of Donation** December 13, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PD, Planned Development

**Site:** 267.005 Acres

**Easement:** 267.005 Acres

**Reserved:** Three Residential Building Zones totaling 6 acres, located

within the easement

**Total:** 267.005 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with three

Building Zones totaling 6 acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Georgia or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;

  b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### Legal Description Indigo Sound

All of that lot, parcel or tract of land lying and being in the 1356th Georgia Militia District, Glyim County Georgia, being shown on a plat entitled "An Expedited Plat of: Tract La Portion of Altama Plantation Tract A", being recorded in the office of the Clerk of Superior Court of Glyim County in Plat Book 34 Page 123 and being more particularly described as follows:

Commencing at a capped from rebar found on the northerty right-of-way line of Georgia Highway 99 at the southeasterly property corner of a 120° Relocated Road Easement, Altama Plantation (Plat Book 33 Page 67); thence proceed along and Georgia Highway 99 right-oi-way line with the following courses and distances; thence with a curve turning to the left with a radius of 1851,93', a chord bearing of N 50°29'38° E, and a chord length of 93.59°, thence along the arc of said curve a distance of 97.60' to a point; thence N 49°02'45" E a distance of 26.41' to a point; thence N 49°02'45" E a distance of 555,12' to a point; thence with a curve turning to the left with a radius of 2657 04', a chard bearing of N 43°28'06" E, and a chord length of \$16.49', thence along the arc of said curve a distance of \$17.30' to a point; thence N 37°53'27" E a distance of 415.09' to a point, thence N 37°52'16" E a distance of 1082.74' to a point: thence N 52°06'15" W a distance of 15.00" to a point, thence with a curve turning to the left with a radius of 2799 79", a chord bearing of N 37"41"35" E. and a chord length of 19 83", thence along the arc of said curve a distance of 19.83" to a point at the intersection of said northerly right-of-way line of Georgia Highway 99 and the westerly line of Altama Plantation Parkway (120° private access easement); themee leave and Georgia Highway 99 right-of-way line and proceed along the westerly line of said Altama Plantation Parkway the following courses and distances; thence N 54°29'47" Wa distance of 757.95' to a point; thence with a curve turning to the right with a radius of 600,00°, a chord bearing of N 16"08'08° W. and a chord length of 744.7%, thence along the arc of said curve a distance of 803.43° to a point; thence N 22°13'31" E a distance of 75.24" to a point; thence with a curve running to the left with a radius of 1250 00', a shord bearing of N 00°41'51" W, and a chord length of 973,72', thence along the arc of said curve a distance of 1000.19 to a point, thence N 23°37°13" W a distance of 102.36 to a point, thence with a curve turning to the left with a radius of 1900,00°, a chord bearing of N 38° 11'58" W, and a chord length of 956.54°, thence along the arc of said curve a distance of 986.94° to a point; thence N 52°46'44" W a distance of 599.69 to a point; thence with a curve turning to the right with a radius of 600.00, a chord bearing of N 35'58'19" W, and a chord length of 346.97, thence along the arc of said curve a distance of 352 00° to a point; thence N 19°09'55" W a distance of 130.19" to a point; thence with a curve turning to the right with a radius of 600.00', a chord bearing of N 07°04'06" W, and a chord length of 251.48', thence along the arc of said curve a distance of 253.36 to a point; thence with a reverse curve turning to the left with a radius of 400.00°, a chord bearing of N 18°2°50° W, and a chord length of 318.90°, thence along the arc of said curve a distance of 328.02' to a point; thence with a reverse curve turning to the right with a vadous of 725,00°, a chord bearing of N 38°54'05° W, and a chord length of 77.27°, thence along the arc of said ourse a distance of 77.31 to the POINT OF BEGINNING; thence leave said Altama Plantation Parkway S 66 '00'37" W a distance of 381.19" to a capped iron rebat found; thence S 77 '01'49" W a distance of 72.90 to a capped from rebar found; thence N 78°31'58" W a distance of 276.79 to a capped iron rebar found; thence \$ 73/39/45" W a distance of 77.53" to a capped fron rebar found; thence N 78°19'23" Wis distance of 1071.30' to a concrete monument found; thence N 42°15'35" Wis distance of 996.16 to a concrete manument found; thence N 44°16'42" E a distance of 527.26 to a concrete monument found; thence N 60°23'59" W a distance of 1474.21' to a concrete monument found; thence N 29°35'32" E a distance of 901.96' to a concrete anomanent found; thence N 63°11'07" E a distance of 1708.41' to a concrete monument found; thence N 66°30'44" E a distance of 1836.31' to a capped from relian set, thence S 19"12"23" E a distance of 347.27 to a capped fron rebar set; thence S 75°05'37" E a distance of \$3.71 to a capped iron relias set; thence \$45°52'09" E a distance of 231.35 to a capped iron rebar set; thence \$ 39°03'24" Ea distance of 131,67" to a capped iron rebar set; thence \$ 25°25'55" E a distance of 131.67 to a capped from rebar set; thence \$ 18137/110 E a distance of 134.50 to a capped from

rebar set; thence S 12°23'38" E a distance of 142.07" to a capped from rebar set; thence S 01°32'16" E a distance of 142.22 to a capped fron rebat set; thence with a curve turning to the right with a radius of 475.00, a chord bearing of N  $77^{\circ}14'08''$  W, and a chord length of 190.52', thence along the arc of said curve a distance of 191 82 to a capped iron rebar set; thence S 18°40'11" W a distance of 127.79' to a capped from return set. Thence N 74°46'22" Win distance of 120 00' to a capped from rebut set, thence S 00°40'12" Wis distance of 144.29 to a capped from rebat set, thence S 01°26'38" E a distance of 144.29 to a capped iron rebar, set; thence \$ 12°33/29" E a distance of 144.29 to a capped iron rebar set; thence \$ 18°06'54" E a distance of 74.15" to a copped iron rebar set; thence \$ 09°17'20" E a distance of 190.81' to a capped from rebin set; thence N 84°11'38" E a distance of 184.46" to a capped from rebar set; thence 8 05°39'38" E a distance of 270.26' to a capped from rebar ser; thence \$ 19°23'03" E a distance of 652.81' to a capped iron rebut set on the northerly line of said Altama Plantation Parkway; thence along said Altama Plantation Parkway S 76°56'18" Wila distance of 49.49" to a capped iron rebar set; thence with a curve turning to the left with a radius of 700 00°, a chord bearing of \$ 49°07'00" W, and a chord length of 653.41°, thence along the arc of said curve a distance of 679.81° to a capped iron rebat set; thence S 21717437 W a distance of 141.91 to a capped from relian set; thence with a curve turning to the left with a radius of 725,60°, a chord bearing of \$ 075 633° E, and a chord length of 693,46°, thence along the arc of said curve a distance of 723.95 to the POINT OF DEGINNING; said tract of land having an area of 267,005 acres more or less

Since the property is vacant land with development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The report is divided into three sections.

Section I of the report, which deals with the unencumbered fee estate.

Section II of the report, which deals with the encumbered fee estate.

Section III of the report, which deals with reconciliation.

Sales were drawn from the area.

Highest and Best Use of the 267.005-acre portion of the Subject Property is substantially limited once encumbered by easement. Development is now perpetually prohibited, except in designated building zones.

Competency Provision

Based on my experience in appraising similar properties, I have the required data and experience to complete this appraisal in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I completed the Valuation of Conservation Easements Certificate Program.

I have prepared many conservation easement appraisals over the last twenty years.

Specific education relative to the assignment are:

The Income Approach, The Cost Approach, Highest and Best Use, Market Approach Appraisal of Conservation Easements, Appraisal of Land

#### **Identification of the Subject Property**

The Subject Property is located off Highway 99, northwest of Brunswick in Glynn County, Georgia. The site contains 267.005 acres.

#### **Prior Sales History**

There have been no qualified sales or transfers of the subject property within the last three years. The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

#### **Ownership**

Indigo Sound, LLC

**Improvements** 

None

Taxes

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 267.005 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

## Excerpts from appraisal of: Lakeshore Resort

Document ID: ECOVEST-DOJ\_0060367

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Lakeshore Resort LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Lakeshore Resort, LLC

44.2 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

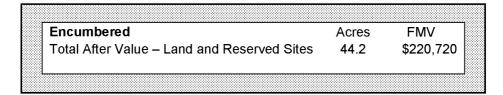
I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2016 is:

Unencumbered	Acres	FMV	1
Before Value	44.2	\$49,409,360	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2016 is:



The value of the easement gift as of December 15, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	44.2	\$49,409,360
Less		
Total After Value (Encumbered)	44.2	\$220,720
Value of the Easement	rounded	\$49,189,000

The encumbered property also includes one (1) reserved building for either one residence or one resort. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that the lot is not a build ready lot and will incur some development costs to make it so. The site will be constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 615 of 1318 Excerpts from Lakeshore Resort Appraisal

organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 616 of 1318 Excerpts from Lakeshore Resort Appraisal

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Sandridge Road, south of

Carolina Bays Pkwy and west of Robert Edge Pkwy. It is north of the Intracoastal Waterway in North Myrtle Beach,

Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 15, 2016

**Date of Donation** December 15, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4 and RC (Resort Residential and Resort Commercial)

Site: 44.2 Acres

**Easement:** 44.2 Acres

**Reserved:** One reserved 1.0 acre building site

Total: 44.2 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

TRACT 1A

BEGINNING AT A POINT (POB#2) ON THE NORTH WESTERN CORNER OF SAID PARCEL AND POINT BEING MAKRED BY HAVING 5/8: IRON REBAR SET AND HAVING SC STATE PLANE COORDINATES OF N 737,046.27 AND E 2,698,161.21 THENCE A LINE BOUNDED TO THE EAST BY SANDRIDGE ROAD EXTENSION THE FOLLOWING BEARINGS AND DISTANCES:

N 69° 32' 46" E 100' TO 5/8 IRON REBAR SET

N 69° 29' 51" E 433.47' TO 5/8" IRON REBAR FOUND

N 11° 31' 11" E 15.29' TO 5/8 IRON REBAR SET

THENCE A CURVE WITH A CHORD BEARING OF N 67°13'26"W CHORD LENGTH 171.47' RADIUS 440.00' ARC LENGTH 172.57' DELTA ANGLE 22°28'19" TANGENT 87.41' TO 5/8 IRON REBAR SET (C1)

THENCE A LINE WITH THE FOLLOWING BEARINGS AND DISTANCES:

N  $33^{\circ}$  42' 34" E A DISTANCE OF 29.72' TO 5/8" IRON REBAR SET

S 47°35'05" E A DISTANCE OF 703.40' TO 5/8" IRON REBAR SET

THENCE A CURVE WITH A CHORD BEARING OF N 51° 52'59" W A CHORD LENGTH 68.19' A RADIUS 454.94' ARC LENGTH 68.26' DELTA ANGLE 8°35'47" TANGENT 34.19' TO 5/8" IRON REBAR SET (C2)

THENCE A CURVE WITH A CHORD BEARING OF N 56°06'45"W A CHORD LENGTH 162.69' A RADIUS OF 549.97' ARC LENGTH 163.29' DELTA ANGLE 17°00'41" TANGENT 82.25 TO 5/8" IRON REBAR SET (C3).

THENCE A CURVE WITH A CHORD BEARING OF N68°47'38" CHORD LENGTH OF 80.03' RADIUS 548.72' ARC LENGTH 80.10' DELTA ANGLE 8°21'51" TANGENT 40.12' (C4)

THENCE A CURVE WITH A CHORD BEARING OF N75°36'56"W A CHORD LENGTH OF 51.06' RADIUS 546.78'ARC LENGTH 51.08' DELTA ANGLE 5°21'09" TANGENT 25.56' (C5)

THENCE A LINE WITH THE FOLLOWING BEARINGS AND DISTANCES: N 11°52'57" E 40.00' TO 5/8 IRON REBAR SET.

THENCE A CURVE WITH A CHORD BEARING OF S 85°58'01" W A CHORD LENGTH 322.39' RADIUS 590.00' ARC LENGTH 326.54' DELTA ANGLE 31°42'40" TANGENT 167.57' (C6) TO SC DOT R/W MON.

BOUNDED TO EAST BY SANDRIDGE WEST BY SUBJECT PROPERTY THENCE A CURVE WITH A CHORD BEARING OF N 44°52'30" A CHORD LENGTH OF 275.15' RADIUS 630.00' ARC LENGTH 277.39' DELTA ANGLE 25°13'38" TANGENT 140.98' (C7) TO 5/8" IRON REBAR SET

THENCE A LINE WITH THE FOLLOWING BEARINGS AND DISTANCES: N 08°11'45" W A DISTANCE OF 138.73' TO 1/2" IRON REBAR FOUND N 08°42'55" W A DISTANCE OF 94.11' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE SOUTH BY THE LANDS NOW OR FORMERLY OWNED BY SANIBEL RESORT, LLC AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES:

```
S 80°30'19"W A DISTANCE OF 662.89'

S 16°24'28" E A DISTANCE OF 47.74' (L33)

S 01°55'38" E A DISTANCE OF 24.24' (L32)

S 12°13'58" W A DISTANCE OF 42.36' (L31)

S 19°44'42" W A DISTANCE OF 61.88' (L30)

S 22°51'47"W A DISTANCE OF 89.98' (L29)

S 41°29'19" W A DISTANCE OF 29.66' (L28)

S 64°51'43" W A DISTANCE OF 38.70' (L27)

S 81°54'27" E A DISTANCE OF 20.11' (L26)

N 52°52'17" W A DISTANCE OF 21.54' (L25)

S 53°06'21" W A DISTANCE OF 37.13' (L24)
```

S 64°47'30 W A DISTANCE OF 80.71' (L23) S 81°17'52"W A DISTANCEOF 64.73' (L22) S 72°01'42" W A DISTANCE OF 56.76' (L21)

LINE BOUNDED TO SOUTH BY N/F SEA VISTA AND TO NORTH BY SUBJECT TRACT.

N 84°07'51" W A DISTANCE OF 18.88' (L20)

S 77°24'32" W A DISTANCE OF 20.96' (L19)

S 64°28'44"W A DISTANCE OF 23.07' (L18)

S 59°46'09" W A DISTANCE OF 25.19' (L17)

S 62°38'00"W A DISTANCE OF 33.87' (L16)

S 65°43'56"W A DISTANCE OF 28.00' (L15)

S 65°24'33"W A DISTANCE OF 26.48' (L14)

S 81°19'57" W A DISTANCE OF 35.43' (L13)

S 82°29'22" W A DISTANCE OF 34.27' (L12)

S 83°53'16" W A DISTANCE OF 42.17' (L11)

S 86°55'49" W A DISTANCE OF 29.13' (L10)

N 89°46'26' W A DISTANCE OF 30.41' (L9)

NO 1020 W MEDISTRICE OF SCOT (LS)

N 84°10'45"W A DISTANCE OF 26.92' (L8)

N 77°13'01"W A DISTANCE OF 22.73 (L7)

N 70°35'35" W A DISTANCE OF 14.19' (L6) N 64°58'49" W A DISTANCE OF 115.54' (L5)

N 67°52'13" W A DISTANCE OF 22.03' (L4)

N 80°28'21" W A DISTANCE OF 21.69' (L3)

N 80°47'37" W A DISTANCE OF 33.50' (L2)

N 75°16'18" W A DISTANCE OF 21.49' (L1)

THENCE A LINE NORTH BOUNDED TO WEST BY N/F OWNED BY SEAVISTA RESORT, LLC THE FOLLOWING BEARINGS AND DISTANCES:

N 20°27'15" W A DISTANCE OF 1073.60'

N 69°32'45" E A DISTANCE OF 93.01'

N 20°27'15"W A DISTANCE OF 415.99'

THENCE BACK TO POINT OF BEGINNING. TRACT CONTAINS 44.23 ACRES

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 625 of 1318 Excerpts from Lakeshore Resort Appraisal

Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, as well as national valuation services, such as RS Means and Marshall and Swift. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 44.2 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 626 of 1318 Excerpts from Lakeshore Resort Appraisal

Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 627 of 1318 Excerpts from Lakeshore Resort Appraisal

Introduction

## **Identification of the Subject Property**

The subject is located off Sandridge Road, south of Carolina Bays Pkwy and west of Robert Edge Pkwy. It is north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 44.2 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### Ownership

Lakeshore Resort, LLC

### **Improvements**

None

**Taxes** 

Site Data

### Environmental, Earthquake and Other Hazards:

The following statements relate to environmental issues primarily consisting of the possibility of sub-soil contamination, which if present, could negatively impact the value of the Subject Property.

- According to the current owner, there are no environmental issues or problems concerning the subject land.
- The physical inspection of the Subject Property provided no indications of environmental issues concerning the property. However, the appraiser is not trained in the detection of such materials.
- For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

# Excerpts from appraisal of: Land of the Lakes

Document ID: ECOVEST-DOJ 0233391

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

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Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

February 10, 2013

Mr. Edmund Cash, Manager Land of the Lakes, LLC 10 Long Branch Road Spencer, TN, 38585

RE: Conservation Easement of Land of the Lakes
Spencer, Tennessee
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

### Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

1

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 28, 2012 and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	401.40	\$11,395,994

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 28, 2012 is:

	Acres	Value/Acre	FMV	
After Value (Encumbered)	399.40	\$750	\$299,550	

The subject property has two (2) reserved sites. While these sites cannot claim ownership of the conservation easement area, they can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 10% enhancement to the reserved lot.

The value of the easement gift as of December 28, 2012 is as follows and is based upon the before and after value.

Acres	Value/Acre	FMV
401.40		\$11,395,994
399.40	\$750	\$299,550
2.00	\$20,000	\$40,000
		<u>\$4,000</u>
		\$11,052,000
	401.40 399.40	401.40 399.40 \$750

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

I have previously performed an appraisal of this property in the last three years; however, that appraisal was for this same client.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

V.V.II

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 636 of 1318 Excerpts from Land of the Lakes Appraisal

**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located near Spencer, Tennessee.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** February 10, 2013

**Date of Value Estimates:** December 28, 2012

**Date of Donation** December 28, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 401.40 Acres

**Easement:** 399.40 Acres

**Reserved:** Two reserved lots totaling 2.00 acres

**Total:** 401.40 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use

Before: Residential Development

After: Hunting of Regressional Use

of Site as Though Vacant: After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis. PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### Competent Management Assumed

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

# LEGAL DESCRIPTION LAND OF THE LAKES, LLC

The following is a description of the Land of the Lakes, LLC property in the 3rd Civil District of Van Buren County, Tennessee. (Reference Record Book 63 Page 762)

Beginning at a point that bears N 81° 34′ 41″ W 3850.44 feet from a coal car rail being the northeastern corner of the Long Branch Properties LLC property; thence S 08°56'35" W 1525.20 feet; thence with a curve having an arc length of 28.33 feet with a radius of 25.00 feet and a chord of \$ 23°31'27" E 26.84 feet; thence \$ 34°00'31" W 50.00 feet; thence \$ 55°59'29" E 945.38 feet; thence along a curve having an arc length of 509.49 feet with a radius of 1024.00 feet and a chord of S 70°14'42" E 504.25 feet; thence S 84°29'56" E 529.45 feet; thence along a curve having an arc length of 34.29 feet with a radius of 25.00 feet and a chord of S 45°12'27" E 31.66 feet; thence S 05°54'57" E 706.57 feet; thence along a curve having an arc length of 1914.80 feet with a radius of 2425.00 feet and a chord of S 16°42'17" W 1865.45 feet; thence S 39°19'31" W 500.57 feet; thence N 60°26'59" W 61.47 feet; thence N 49°15'09" W 100.39 feet; thence along a curve having an arc length of 0.30 feet with a radius of 35.00 feet and a chord of N 49°29'48" W 0.30 feet; thence with a compound curve having an arc length of 132.56 feet with a radius of 157.17 feet and a chord of N 73°54'12" W 128.67 feet; thence with a compound curve having an arc length of 2.20 feet with a radius of 35.00 feet and a chord of \$ 80°08'03" W 2.20 feet; thence \$ 78°20'05" W 130.24 feet; thence along a curve having an arc length of 2.85 feet with a radius of 35.00 feet and a chord of S 80°40'16" W 2.85 feet; thence S 83°00'28" W 33.35 feet; thence S 73°26'09" W 222.23 feet; thence S 77°59'59" W 278.02 feet; thence S 63°38'10" W 202.55 feet; thence S 64°54'38" W 191.64 feet; thence N 87°50'39" W \$2.02 feet; thence N 35°16'36" E 2287.06 feet; thence N 73°15'28" W 1504.57 feet; thence N 80°25'31" W 1622.96 feet; thence N 76°56'37" W 756.72 feet; thence S 61°56'45" W 108.88 feet; thence S 67°00'19" W 122.08 feet; thence S 82°33'55" W 84.17 feet; thence N 65°36'07" W 117.44 feet; thence N 71°21'26" W 161.29 feet; thence N 86°48'36" W 182.39 feet; thence S 69°12'31" W 303.02 feet; thence S 89°34'08" W 165.55 feet; thence S 61°27'02" W 132.91 feet; thence N 83°26'11" W 171.28 feet; thence N 08°45'21" E 3446.41 feet; thence \$ 81°39'37" E 2121.02 feet; thence \$ 81°34'41" E 1892.42 feet to the beginning being 401.34 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 6 September 2007.

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Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake

Introduction

# **Identification of the Subject Property**

The subject property consists of one parcel located in Van Buren County, Tennessee. The site contains 401.40+- acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### **Ownership**

Land of the Lakes, LLC

### **Taxes**

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LONG BRANCH PROPERTIES LLC

PO BOX 2579 ROME GA 30164

## **Improvements**

None

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Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the subject property is considered to be good.

### Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk": On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

### Conclusion:

The subject property consists of approximately 401.40 +- acres, of which approximately 401.40 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Leland Forest

Document ID: ECOVEST-DOJ 0111350

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 20, 2013

Donald Johnson Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Leland Forest
Brunswick County, North Carolina
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

Dear Mr. Johnson:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

1

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 20, 2013, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Before Value	448.66	\$41,183,117

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 20, 2013 is:

					_
After Value –	Land Only (Encumbered)	Acres 448.66	Value/Acre \$3.000	FMV \$1,345,980	
Arter Value	Land Only (Endambered)	440.00	Ψο,σσσ	Ψ1,040,000	

There will be five areas designated for the construction of residences and related residential uses. The five areas are specified and may be subdivided from the eased area into as many parcels as there are reserved lots. Now they are not developed lots. They have no utilities, no all-weather access; they are not cleared for development. All utilities must be underground that would be required to develop the lots. Access must be approved by the land trust. Given the expense of such development, I do not think that the lots have any value over and above the overall land value. There is no enhancement.

The Subject Property is held by an LLC that may have the same beneficial owners that own nearby property. As such there may or may not be enhancement. The appraisal is made under the extraordinary assumption that at the time of the granting of the easement the Subject Property will have membership that is not common to any others and there will be no related party issues, larger parcels or enhancement to account for.

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The value of the easement gift as of December 20, 2013 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	448.66		\$41,183,117
Less			
After Value (Encumbered)	448.66	\$3,000	<u>\$1,345,980</u>
Value of the Easement		rounded	\$39,837,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III NC License #7166 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.

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- I have prepared an appraisal of the subject property in the last five (5) years.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III NC License #7166

State Certified General Real Property Appraiser

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#### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located off Andrew Jackson Highway

outside Leland in Brunswick County, North Carolina. It is

adjacent to the Compass Pointe development.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purposes, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 20, 2013

**Date of Value Estimates:** December 20, 2013

**Date of Donation** December 20, 2013

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PUD (Planned Unit Development); allows for mixed use

housing development

**Site:** 448.66 Acres

**Easement:** 448.66 Acres

**Reserved:** 5 Sites

**Total:** 448.66 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of North Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 654 of 1318 Excerpts from Leland Forest Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

LEGAL

The "West Tract, 19543842.2 Sq. Ft., 448.66 AC" as shown on a map thereof recorded in Map Cabinet 74, Pages 96-97 of the Brunswick County Registry, Brunswick County, North Carolina.

Introduction

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market Area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D.Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

Introduction

#### **Identification of the Subject Property**

The subject property is located off Andrew Jackson Highway outside Leland in Brunswick County, North Carolina. This property adjoins an existing development known as Compass Pointe. The site contains 448.66+- acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject Property is not listed for sale.

#### Ownership

Leland Forest, LLC

#### **Improvements**

None

#### Taxes

The following is the tax card and tax map for the property that adjoins the Subject Property. The taxes for this adjacent parcel are \$1.25 an acre. I am using the \$1.25 an acre to estimate the taxes on the Subject's 448.66 acres for a total of \$560.83.

\$ccount#: 10311570	889#: 000100	Lost Trans Bate:	Building Value:	3 Current Balancer	568.60
74 MOLDSW65 GLC	Parcel#:02300023	Lant Payment :	र्वेष्ट्राच्याच्याच्याच्या	Orriginal Lawy:	568,60(
	P\$n#:	,	Land Values	1.231,625 Personal Value:	20.
	Escrows		Parcel Velue Tetels	1,231,625 Total Valuations	38,370
PQ 9000 1967	Status:		Defected Value:	s,663,650 Exemplians	4
WILMSWITTENWC28482/	Legal Directipsion:452.71 ACRES PLAT 31/500 452.31080	nervi neri unu usanousus suoi	Tavable vetue:	39,178	or over over

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BRUSSRICK COURTY	286,90	98.60	9.69	≪,63	358,93
LELANO FIRE	484.89	9,80	9.40	≪.6₹	460,00
Totals	288.98	2.55	0.00	88.6	268.26



Site Data

- The physical inspection of the subject property provided no indications of environmental issues concerning the property. However, the appraiser is not trained in the detection of such materials.
- For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The subject property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the subject property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk": On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No: Adiacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

#### Conclusion:

The subject property consists of approximately 448.66 +- acres.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

There is an existing development adjoining the subject property. The adjoining development has the same soil characteristics of the subject.

## Excerpts from appraisal of: Long Bay Marina

Document ID: ECOVEST-DOJ 0132194

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 30, 2014

Jack Sawyer Alston & Bird, LLP 1201 West Peachtree Street NW, #4200 Atlanta, GA 30309 Jack.sawyer@alston.com

RE: Conservation Easement Appraisal

Long Bay Marina (61-acre tract), North Myrtle Beach, Horry County, SC

Dear Mr. Sawyer:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

1

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 30, 2014, and before the Subject Property is encumbered by the easement is as follows:

Unencumbered	Acres	FMV	
Before Value	61	\$43,517,980	

The value of the Subject Property, subject to a perpetual conservation easement as of December 30, 2014 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	61	\$2,094,550	
		I	

The value of the easement gift as of December 30, 2014 is as follows and is based upon the before and after value method. In determining the market nature of a conservation easement, the before and after method is a recognized technique.

	Acres	FMV	
Before Value (Unencumbered)	61	\$43,517,980	
Less	•	40.004.550	
Total After Value (Encumbered)	61	<u>\$2,094,550</u>	
Value of the Easement	rounded	\$41,423,000	
value of the casement	rounded	<b>Ψ41,423,000</b>	

The Subject Property has five (5) reserved building sites. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these five sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 664 of 1318 Excerpts from Long Bay Marina Appraisal

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 668 of 1318 Excerpts from Long Bay Marina Appraisal

#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located east of Highway 31 and west of the

Intracoastal Waterway in North Myrtle Beach, Horry

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 30, 2014

**Date of Value Estimates:** December 30, 2014

**Date of Donation** December 30, 2014

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4 – Resort Residential

Site: 61 +- Acres

**Easement:** 61 +- Acres

**Reserved:** Five 1.5-acre Reserved Sites

**Total:** 61 +- Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 670 of 1318 Excerpts from Long Bay Marina Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### Parcel I:

ALL AND SINGULAR, all that certain piece, parcel or tract of land situate, lying and being in Little River Township, Horry County, South Carolina, being more particularly described as "Tract C containing 6.916 AC. ±", as shown on plat entitled "McDuffy Tract, Canal Holdings, LLC Tract, Gibson-Wall Company Tract, H.F. Bell Tract and R.E. Bell No. 2 Tract", prepared by Thomas & Hutton Engineering Co., dated March 25, 2005, and recorded June 1, 2005, in Plat Book 205, at Pages 156 through 156D, in the office of the Register of Deeds for Horry County, South Carolina, reference to which is hereby craved as forming a part and parcel hereof.

#### Parcel II:

ALL AND SINGULAR, all that certain piece, parcel or tract of land situate, lying and being in Little River Township, Horry County, South Carolina, being more particularly described as "Tract D containing 53.783 AC. ±", as shown on plat entitled "McDuffy Tract, Canal Holdings, LLC Tract, Gibson-Wall Company Tract, H.F. Bell Tract and R.E. Bell No. 2 Tract", prepared by Thomas & Hutton Engineering Co., dated March 25, 2005, and recorded June 1, 2005, in Plat Book 205, at Pages 156 through 156D, in the office of the Register of Deeds for Horry County, South Carolina, reference to which is hereby craved as forming a part and parcel hereof.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 61 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

#### **Identification of the Subject Property**

The Subject Property is located east of Highway 31 and west of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 61+- acres.

#### **Prior Sales History**

There have been no sales involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Long Bay Marina, LLC

#### **Improvements**

Notice #: 301552143

None

#### **Taxes**

atus: Paid	
de Paki: 01/14/15	
Tax Information	
Name:	SLF IV/SBI SANDRIDGE (LC
Tax Year:	2014
Assessment Value:	916
District/Levy:	550 / 178.3
City/Levy:	NM / 639.3
Property Information	
Record Type:	Real Estate
Map Number:	143-50-01-01
SC DØR#:	
Market Value:	15,170
Description:	SC HWY SC TR C & C
Taxes	
County Tax:	\$162.25
City Tax:	\$35.70
Fees:	\$0.00
Residential Exemption:	\$0.00
Homestead Exemption:	\$0.00
Other Exemptions:	\$0.00
Local <b>Option</b> Credit:	\$3.01
Penalty:	\$3.00
Sost:	\$0.00
Installment Payments:	\$0.00
Total Taxes:	\$193.01
Total Paid: \$198.01	

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 676 of 1318 Excerpts from Long Bay Marina Appraisal

Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

- Observed staining of soils:
   Observed distressed vegetation:
   On-Site: No; Adjacent: No
   On-Site: No; Adjacent: No
- Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 61+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Magnolia Bay Resort

Document ID: ECOVEST-DOJ\_0007074

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Magnolia Bay Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Magnolia Bay Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	150.55	\$51,275,850	
		<u>'</u>	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FM∨	
Total After Value – Land and Reserved Sites	150.55	φ902,300 [	

I made a search for comparable easements that had sold. I used the before and after method to estimate the fair market value of the easement.

The fair market value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	150.55	\$51,275,850
Less		
Total After Value (Encumbered)	150.55	<u>\$962,500</u>
Value of the Easement	rounded	\$50,313,000

The encumbered property also includes up to five (5) reserved residential building sites and one (1) reserved recreational building site. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, require an additional value over that of the per acre value of the encumbered property. It should be noted that these lots are not build ready lots and will incur some development costs to make them so. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 681 of 1318 Excerpts from Magnolia Bay Appraisal

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and
  conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 685 of 1318 Excerpts from Magnolia Bay Appraisal

#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on Long Bay Road and north of

Highway 31 and the Intracoastal Waterway in North Myrtle

Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R2A Resort Residential

**Site:** 150.55 +- Acres

**Easement:** 150.55 +- Acres

**Reserved:** Five (5) residential and One (1) recreational sites

**Total:** 150.55 +- Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

\*\*\* \*\* 1840 SSN

To be provided upon request by the IRS

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 687 of 1318 Excerpts from Magnolia Bay Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

ALL AND SINGULAR, that certain piece, parcel or lot of land, situate, lying and being in the City of North Myrtle Beach, Horry County, South Carolina, containing 6,557,930 sq.ft., 150.55 Acres, more or less, as shown and described on a Boundary Survey entitled "Map of 150.55 + Acres of Land, City of North Myrtle Beach, Horry County, South Carolina, Boundary Survey, Prepared for: Magnolia Bay Resort, LLC", dated February 19, 2015, and recorded March 19, 2015, in Plat Book 265, at Page 192, reference to which is hereby craved as forming a part and parcel hereof.

Area Data

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists 150.55 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

Area Data

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Area Data

SLÉ SVÍSBI KANORIDOR LLO

#### **Identification of the Subject Property**

The Subject Property is located on Long Bay Road, north of Highway 31 and the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 150.55+acres.

#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### **Ownership**

Magnolia Bay Resort, LLC

#### **Improvements**

Bamer

None

#### Taxes

Wasse:	per recognition participation and
Addressa	2002 DAK STREET STE 200 MYRTLE BEACH SC 29577 2196
Tax Year:	2015
District/Lowy.	330 / 1833
Citysteen	N88 7 029.3
Total Approisal:	16,630
Total Assessed:	1,380
Assessment Ratio: Lat 6% 18	nd Approximate Building Approximate  © Comments of the Comment of
Property Information	
Kerord Type:	Real Estate
Mag Number	143-00-01-077
P3%:	358-03-36-0007
Acres	353,06
Description	LEWS TR CAPPER TO 8
Taxes	
County Yax:	\$188,50
City Tax:	\$39.30
Fees:	46.00
Residential Ecomption:	\$0.00
Homestead Exemption:	\$8.00
Other Exemptions	\$0.00
Local Option Credit:	\$8.00
Total Taxes	\$224.80

Site Data

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 150.55.5+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

## Excerpts from appraisal of: Maple Equestrian

Document ID: ECOVEST-DOJ 0224289

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 695 of 1318 Excerpts from Maple Equestrian Appraisal

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

\* Certified in AL, FL, MS, GA, CO † Certified in AL, GA

Writer's Email: Claud@ClarkAppraisals.com

January 24, 2012

Mr. Edmund Cash, Manager Maple Equestrian, LLC P.O. Box 2579 Rome, GA 30165

Dear Mr. Cash:

RE: Conservation Easement Maple Equestrian

DeKalb County, Alabama

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

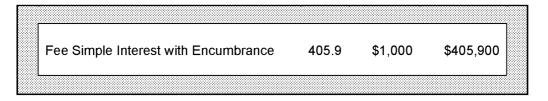
North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2011, and before the subject property is encumbered by the easement is as follows:

	Acres	FM∨
Fee Simple Interest	409.9	\$8,257,748

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2011 is:



The subject property two (2) reserved home sites. While the home sites cannot claim ownership of the conservation easement area, they can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 20% enhancement to the reserved lots.

The value of the easement gift as of December 30, 2011 is as follows and is based upon the before and after value.

Fee Simple Interest Before	409.9		\$8,257,748
Less	40E 0	¢4 000	\$40E 000
Fee Simple Interest with Encumbrance Less	405.9	\$1,000	\$405,900
Two 2-acre Lots Plus Enhancement			<u>\$96,000</u>
Value of the Economist			Ф7 755 040
Value of the Easement	г	ounded	\$7,755,848

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III AL License# G00024 State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 698 of 1318 Excerpts from Maple Equestrian Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with
  the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the
  Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III AL License# G00024

VwXII

State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 701 of 1318 Excerpts from Maple Equestrian Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located in DeKalb County, Alabama.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 24, 2012

**Date of Value Estimates:** December 30, 2011

**Date of Donation** December 30, 2011

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 409.9 Acres

**Easement:** 405.9 Acres

**Reserved:** Two 2-acre Building Sites

**Total:** 409.9 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use

of Site as Though Vacant:

Before: Residential Development

After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 703 of 1318 Excerpts from Maple Equestrian Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

## LEGAL DESCRIPTION MAPLE EQUESTRIAN LLC

A Tract of land lying and being in Fractional Section 25, Section 35, and fractional Section 36, Township 4 South, Range 10 East, Dekalb County Alabama, being more particularly described as follows; (Reference Deed Book 330 Pg 79-80)

Beginning at the Southeast corner of said Fractional Section 36, said point being on the Alabama-Georgia State Line;

Thence N89°28'09"W 114.54 feet; Thence N 58°10'02" W 251.27 feet;

Thence N 77°22'48" W 788.52 feet; Thence N 52°03'09" W 923.30 feet;

Thence N 82°57'32" W 1190.10 feet; Thence N 82°06'05" W 1204.90 feet;

Thence N 79°46'41" W 627.15 feet; Thence N 53°50'22" W 546.38 feet to the easterly boundary of Scenic Drive (Brow Road);

Thence with the Easterly Boundary of said Scenic Drive meander Northeasterly 7159.13 feet, more or less, to a point on the Georgia-Alabama State line;

Thence with the Georgia-Alabama State Line S 09°13'30" E 1989.45 feet;

Thence continuing with the Alabama-Georgia State Line S 08°56'08" E 2526.97 feet;

Thence continuing with the Alabama-Georgia State Line S 08°40'31" E 2772.42 feet to the Point of Beginning. (containing 409.9 acres, more or less)

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 706 of 1318 Excerpts from Maple Equestrian Appraisal

Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for outdoor recreation oriented subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another

Introduction

#### **Identification of the Subject Property**

The subject property consists of one parcel located in DeKalb County, Alabama. The site contains 409.9+- acres.

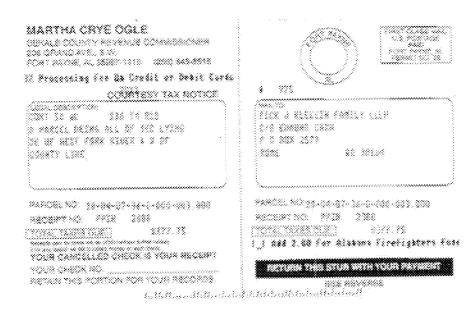
#### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

#### Ownership

Maple Equestrian, LLC

#### Taxes



## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 708 of 1318 Excerpts from Maple Equestrian Appraisal

Site Data

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk": On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

Observed staining of soils:

Observed distressed vegetation:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

#### Conclusion:

The subject property consists of approximately 409.9 +- acres, of which approximately 409.9 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Meadow Creek

Document ID: ECOVEST-DOJ 0233588

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 710 of 1318 Excerpts from Meadow Creek Appraisal

#### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

March 18, 2013

Peter Hardin Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Meadow Creek
Bledsoe County, Tennessee
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

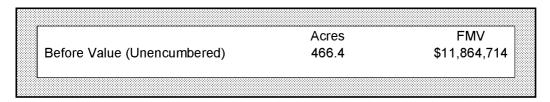
#### Dear Mr. Hardin:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

Foothills Land Conservancy 373 Ellis Avenue Maryville, TN 37804 I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 27, 2012, and before the subject property is encumbered by the easement is as follows:



The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 27, 2012 is:

		Acres	Value/Acre	FMV	
	After Value (Encumbered)	466.4	\$500	\$233,200	
ļ.,			***************************************		J

The subject property has one (1) reserved site. The lot may not be severed from the master tract, nor may the master tract be divided. Based upon the review of other easements, the value of this site does not warrant a value over and above the price per acre. There is no enhancement.

The value of the easement gift as of December 27, 2012 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	466.4		\$11,864,714
Less			
After Value (Encumbered)	466.4	\$500	<u>\$233,200</u>
Value of the Easement		rounded	\$11,632,000

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 712 of 1318 Excerpts from Meadow Creek Appraisal

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

The after valuation is made under the assumption that the easement has been granted. It has not been granted.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 713 of 1318 Excerpts from Meadow Creek Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

VwV\_II

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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#### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Prater Road near Pikeville mostly

in Bledsoe County, Tennessee, with a portion of the

property located in Van Buren County.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** March 18, 2013

**Date of Value Estimates:** December 27, 2012

**Date of Donation** December 27, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 466.4 Acres

Easement: 466.4 Acres

**Reserved:** 1 reserved site (2.27 acres); may not be severed

**Total:** 466.4 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;

- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

Lying and being partly in the Fourth (4th) Civil District of Van Buren County, Tennessee, and partly in the Seventh (7th) Civil District of Bledsoe County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00) and the 7th Civil District of Bledsoe County, Tennessee (Reference Warranty Deed Book 254 Page 195 and Tax Map 69 parcel 1.01)

Beginning on a 1/2" rebar (found) being the southwestern corner of this described parcel as well as being in the eastern line of the Randell Prater property; thence going with Prater N 34°26'51" W 2617.82 feet to a point in a creek; thence leaving Prater and going with the Kenneth Wood property generally following the meanders of the said creek S 79°59'22" K 65.98 feet; thence S 83°35'21" K 148.57 feet; thence N 43°34'51" E 78.93 feet; thence N 03°29'08" W 193.48 feet; thence N 53°29'06" W 192.93 feet; thence N 67°49'37" W 68.94 feet; thence N 05°02'44" E 194.13 feet: thence N 42"34'29" E 50.70 feet: thence N 21"19"19" E 150.64 feet: thence N 65"11'45" E 49.13 fect; thence N 30"52'42" W 47.27 fect; thence N 72°45'54" E 41.93 feet; thence N 47°58'01" E 38.35 feet; thence S 43°55'52" E 82.91 feet; thence N 08°48'03" E 39.12 feet; thence N 32°58'57" E 33.44 feet; thence N 47"56"22" W 106.84 feet; thence N 62"13'55" W 156.69 feet; thence N 39°44'15" W 64.24 feet; thence N 31°50'47" E 46.28 feet; thence N 52°01'53" W 122.78 feet; thence N 02°08'31" W 29.00 feet; thence S 51°50'04" W 32.15 feet; thence N 83°59'20" W 91.18 feet; thence N 05°58'57" E 77.45 feet; thence S 76°42'32" W 71.15 feet: thence N 09°35'39" W 80.24 feet: thence S 83°35'24" W 55.65 feet; thence N 07°20'01" W 50.38 feet; thence N 84°08'12" E 42.04 feet; thence N 39°13'37" E 33.90 feet; thence N 21°09'03" W 73.02 feet; thence N 54°54'37" W 67.71 feet; thence N 73°32'35" E \$1.78 feet; thence N 21°10'06" W 45.61 feet; thence N 08"11'25" E 64.15 feet; thence N 10"03'58" E 42.66 feet; thence S 72°26'47" W 48.88 feet; thence N 48°57'47" W 61.06 feet; thence N 49°10'59" E 37.55 feet; thence S 87°26'56" E 53.49 feet; thence N 41°26'20" E 44.40 feet; thence S 74°56'17" E 45.90 feet; thence N 06°08'51" W 71.52 feet; thence S 71°58'51" E 55.03 feet; thence N 26°00'43" W 44.98 feet; thence N 41°00'15" W 102.08 feet; thence N 57°56'08" E 71.23 feet; thence N 06°02'39" W 52.79 feet; thence S 65"18'08" W 122.24 feet; thence N 40°48'42" W 72.46 feet; thence N 57°18'03" E 42.25 feet; thence N 50°22'01" E 32.79 feet; thence N 54°19'10" W 79.11 feet; thence N 50°40'41" E 94.58 feet; thence N 63°12'24" W 51.37 feet; thence N 36°15'34" E 66.98 feet; thence N 50°56'44" E 71.39 feet; thence N 05"28'46" E 62.05 feet; thence N 08"00'45" W 128.23 feet; thence N 10"15"36" W 79.60 feet; thence N 12°38'06" E 118.65 feet; thence N 12"19'58" W 67.26 feet; thence N 43°38'31" W 89.65 feet; thence N 73°08'00" W 90.64 feet; thence N 23°53'44" W 32.93 feet; thence N 48°14'56" E 76.00 feet; thence N

46°17'36" E 108.55 feet; thence N 18"50'19" W 187.79 feet; thence N 18"04'49" W 114.67 feet; thence N 21°10'54" W 67.48 feet; thence N 80°56'55" W 162.23 feet; thence N 77°55'45" W 114.84 feet; thence N 10°38'06" W 24.09 feet; thence N 42°17'21" E 153.51 feet; thence N 47°12'11" E 150.07 feet; thence N 01°31'23" E 131.60 feet; thence N 49°04'53" E 68.60 feet; thence S 73°25'35" E 125.56 feet; thence N 17°02'08" E 58.80 feet; thence N 09°40'13" W 87,91 feet; thence N 75"29'32" W 104.43 feet; thence N 61"29'15" W 66.54 feet to a point in the creek: thence leaving the said creek and continuing with the Wood property N 55°1744" E 335.80 feet to an angle iron; thence continuing with the same N 86°37′37″ W 401.30 feet to a point in a creek; thence leaving the Wood property and generally following the meanders of the said creek (location of the creek was generated from a USCS topographic map and has not been field verified) N 03°22'23" E 0.05 feet to a point; thence N 01°47'28" E 141.38 feet; thence N 07°18'21" E 126.79 feet; thence N 36°31'44" E 108,35 feet; thence N 76°14'21" E 162,67 feet; thence N 75"57'50" E 93.07 feet; thence S 88"56"21" E 174.16 feet; thence N 48"21'59" E 116.49 feet; thence N 20°13'29" E 65.29 feet; thence N 47"17'26" E 57.05 feet; thence N 87°23'51" E 71.01 feet; thence S 67°22'48" E 125.76 feet; thence S 69°04'32" E 117.38 feet; thence S 87"42'34" E 80.68 feet; thence N 77°46'30" E 197.97 feet; thence N 52°15'12" E 126.42 feet; thence N 70°54'23" E 177.44 feet; thence S 86°08'16" E 114.94 feet to a point in the said creek; thence leaving the creek and going with the Lester Allison property S 39°56'57" E 2949.21 feet to a set stone; thence leaving Allison and going with the Don Wheeler property S 35°13'48" E 3018.30 feet to a stone; thence continuing with the same S 45°47'15" W 11.76 feet to a 1/2" rebar (found); thence leaving Wheeler and going with the Ronald Swafford property S 55°18'35" W 1906.22 feet to a 1/2" rebar (found); thence continuing with the same S 54"40'56" W 587.86 feet to a 1/2" rebar (found); thence S 55°40'58" W 1072.53 feet to a 3/8" rebar (found); thence leaving Swafford and going with the Allie Mooneyham property S 62°48'56" W 60.00 feet; thence continuing with the same S 53°58'29" W 306.48 feet; thence S 52"29'01" W 22.10 feet to the beginning being 466.40 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

BEING the same property conveyed to the Grantor herein by deed of record in Book RB64, Page 296 of the Register of Deeds Office for Van Buren County, Tennessee, and also found in Book RB266, Page 139 of the Register of Deeds Office for Bledsoe County, Tennessee.

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Introduction

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises Step 4. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Introduction

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

#### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These type of properties are best evaluated using a DCF method. The specific state park information will follow in the DCF explanation later in the report.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of significance is proximity to other recreational features such as national and state forests and parks. This property is very close to Fall Creek Falls State Park and Bledsoe State Forest.

Introduction

#### **Identification of the Subject Property**

The subject property consists of one parcel located of Prater Road near Pikeville in Bledsoe County, Tennessee, with a portion in Van Buren County. The site contains 466.4+- acres.

#### **Prior Sales History**

The Subject is not listed for sale. The following is a detailed description of the sales history of the Subject Property for the last three years, a copy of the deeds are located in the addenda:

Southeastern Timberland Group, LLC, sold the tract, (containing both the Piney Cumberland tract and the Meadow Creek tract), by deed dated March 18, 2010, to Piney Cumberland Resources, LLC, under deed of record at Book RB56, page 45, Register's Office, Van Buren County, Tennessee, as subsequently restated by instrument dated November 30, 2011, of record at Book RB63, page 837.

Piney Cumberland, LLC, severed the tract with a conveyance to Meadow Creek Investments, LLC, by deed dated December 29, 2011, of record at Book RB 64, page 296.

#### **Ownership**

Meadow Creek Investments, LLC

#### **Improvements**

None

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Site Data

Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

On-Site: No; Adjacent: No

• Observed distressed vegetation: On-Site: No; Adjacent: No • Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

Observed noticeable odors: On-Site: No; Adjacent: No

Observed staining of soils:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

#### Conclusion:

The subject property consists of approximately 466.4 +- acres, of which approximately 466.4 +acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Miramar Pointe

Document ID: ECOVEST-DOJ\_0201943

#### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 28, 2019

Miramar Pointe LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Miramar Pointe, LLC 452.65-acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance. I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement. For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

#### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

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In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 452.65-acre conservation easement in Calhoun County, Texas. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 7, 2018, and Before the Subject Property is encumbered by the easement is as follows:

Total Fair Market Value Before the Easement Fee Simple	452.65	\$83,674,114

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 7, 2018 is:

		Parent services	
Total Fair Market Value	452.65	\$1,800	\$814,770
After the Easement Fee Simple (roun	nded)	·	

The encumbered property also includes two reserved residential building zones that permit up to two residential building sites and six accessory dwelling sites. The property also allows for the construction of a community building area and a beach access area. In theory, if taken as separate components of the valuation, the building areas and the remaining eased area that cannot be improved have different values. These sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided that these properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of December 7, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$83,674,114. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$814,770. Using the before and after method, the Fair Market Value of the Conservation Easement is \$82,859,000 (rounded).

Fair Market Value of the Easement	•	-	\$82,859,000
Total Fair Market Value After the Easement	452.65	\$1,800	\$814,770
Total Fair Market Value Before the Easement	452.65		\$83,674,114

Fair Market Value of the Conservation Easement on the effective date is:

#### EIGHTY-TWO MILLION EIGHT HUNDRED FIFTY-NINE THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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#### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of Hurricane Harvey in 2017 on the prospective projects.

#### CLAUD CLARK III, P.C.

#### REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

December 7, 2018

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- \* Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Miramar Pointe will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

#### RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 31, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019 and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue. Sincerely,

Ralph S Bowden

Ralph S. Bowden President

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#### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).

- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 18, 2019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located off County Road 314, south of the town of

Port Comfort in Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation easement.

**Date of the Appraisal Report:** January 28, 2019

**Date of Inspection:** January 18, 2019

**Date of Value Estimates:** December 7, 2018

**Date of Donation** December 7, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 452.65 Acres

**Easement:** 452.65 Acres

**Reserved:** Two Residential Building Zones, One Community Building

Zone, which total 6 acres, and One Beach Access Area that

totals 1.845 acres, all located within the easement

**Total:** 452.65 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with three Building

Zones totaling 6 acres and one Beach Access Are totaling 1.845

acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement, or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### Word Case

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

#### **Legal Descriptions and Maps**

#### TRACT 6A 180.78 ACRES

THE STATE OF TEXAS}
THE COUNTY OF CALHOUN!

BERNG a 180.78 acre tract of land situated in the Abner L. Clements Survey, Abstract No. 58, Calhoun County, Texas and heing that same Tract 8, a called 212.78 acre tract of land described by Deed dated January 31, 1976, conveyed from W.H. Bauer and H.C. Smith to W.H. Bauer, Ir., et al as recorded in Volume 302, Page 968 of the Deed Records, Calhoun County, Texas, said 180.78 acre tract being more particularly described by metes and bounds as follows:

**BEGINNING** at a point along the southeast shoreline of Keiler Bay marking the north corner of the aforesaid 211.78 acre tract and heing the west corner of Tract 7, a called 199.78 acre tract of land described by Instrument to W.H. Bauer, Ic., et al. as recorded in Volume 302, Page 838 of the Deed Records, Calhoun County, Texas for the north most corner of the herein described tract:

THENCE, South 36°51'03° East, along a common line between said 212.78 acre tract and the aforesaid Tract 7, at a distance of 30.54 feet passing a found 5/8° steel rebar (distorbed) for reference and being the west corner of a called 2.00 acre tract of land described by Affidavit as recorded in instrument No. 140470 of the Official Public Records, Calheun County, Texas, at a distance of 150.56 feet passing a found 5/8° steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference of the aforesaid 2.00 acre tract, at a distance of 562.58 feet passing a found concrete monument along the common line between said 212.78 acre tract, and taid 2.00 acre tract, at a distance of 583.25 feet passing a found concrete monument for reference of said 2.00 acre tract, and continuing for a total distance of 1094.92 feet to a point along the northwest shoreline of Matagords Bay along a common line between said 212.78 acre tract and said Tract 7 for the east corner of the herein described tract;

THENCE, along the northwest shoreline of said Matagorda Bay, the following courses and distances:

- South S9'09'56" West, a distance of 683.93 feet to an angle point for the herein described tract;
- South 58°27'48" West, a distance of 1381.61 feet to an angle point for the herein described tract;
- South 59"14"43" West, a distance of 2984,00 feet to an angle point for the herein described tract;
- Bouth 57°10'17" West, a dictance of 1251.89 feet to a point along the northwest shoreline of said Matagorda Bay and being along a common line between said 212.78 acre tract and Tract 9, a called 556.02 acre tract of land described by instrument to W.H. Bayer, Ir., et al as recorded in Volume 302, Page 838 of the Deed Records, Calhoun County, Texas for the south most corner of the herein described tract;

THENCE, North 40°25'26" West, along a common line between said 212.78 acre tract and the aforesaid Tract 9, at a distance of 100.00 feet passing a set 5/8" steel rehar with yellow plastic cap stamped "URBAN SUBVEYING, INC." for reference, at a distance of 2342.41 feet passing a set 5/8" steel rehar with yellow plastic cap stamped "URBAN SUBVEYING, INC." for reference, and continuing for a total distance of 2442.41 feet to a point along the southeast shoraline of said Keller Bay marking a common corner between said 212.78 acre tract and said Tract 9 for the west corner of the herein described tract:

THENCE, along the southeast shoreline of said Keller Bay, the following courses and distances:

- North 71'04'30" East, a distance of 404.56 feet to an angle point for the herein described tract;
- South 69'46'23" East, a distance of 1203.04 feet to an angle point for the herein described tract;
- North 79'38'32" East, a distance of 284.31 feet to an angle point for the herein described tract;
- Month 16/58/44" East, a distance of 176.40 feet to an angle point for the herein described tract;

3.

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- North 25°22°12° West, a distance of 550.30 feet to an angle point for the herein described tract;
- North 42'16'25' East, a distance of 534.14 feet to an angle point for the herein described tract;
- North 68\*13\*00" East, a distance of 248.84 feet to an angle point for the herein described tract;
- South 78°28'05" East, a distance of 967.13 feet to an angle point for the herein described tract;
- South 35°87'18" East, a distance of 269.13 feet to an angle point for the herein described tract;
- South 82°27'38" East, a distance of 262.88 feet to an angle point for the herein described tract;
- South 61°39'39" East, a distance of 111.42 feet to an angle point for the herein described tract;
- North 021321279 East, a distance of 273,34 feet to an angle point for the herein described tract;
- North 72°38'53" West, a distance of 202.52 feet to an angle point for the herein described tract;
- North 39°39'35" West, a distance of 174.99 feet to an angle point for the herein described tract;
- South 89"14"47" West, a distance of 110.19 feet to an angle point for the herein described tract;
- North 23°27'23" West, a distance of 296.27 feet to an angle point for the herein described tract;
- North 48°40°31° West, a distance of 336.47 feet to an angle point for the herein described tract;
- North 85137'55" East, a distance of 445.01 feet to an angle point for the herein described tract;
- South 31°23'52" East, a distance of 223.20 feet to an angle point for the herein described tract;
- South 19'41'35" West, a distance of 103.14 feet to an angle point for the herein described tract;
- South 16'22'43" East, a distance of 257.75 feet to an angle point for the herein described tract;
- South 78°50'47" East, a distance of 451.83 feet to an angle point for the herein described tract;
- North 01°16'47" East, a distance of 471.82 feet to an angle point for the harein described tract;
- North 57°50'59" East, a distance of 202.75 feet to an angle point for the herein described tract;
- North 35°25'36' East, a distance of 161.69 feet to an angle point for the herein described tract;
- North 74"S4"26" East, a distance of 364.87 feet to an angle point for the herein described tract;
- North 65°24°11° East, a distance of 208.72 feet to an angle point for the herein described tract;
- South 83°27'36" East, a distance of 184.38 feet to an angle point for the herein described tract;
- North 82/37/51° East, a distance of 88.22 feet to an angle point for the herein described tract;

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- North 08°35'09" East, a distance of 161.64 feet to an angle point for the herein described tract;
- South 89"05"25" East, a distance of 153.77 feet to an angle point for the herein described tract;
- North 39°02'41" East, a distance of 598.27 feet to an angle point for the herein described tract;
- North 63°45'25" East, a distance of 247.01 feet to an angle point for the herein described tract;
- North 49"21"24" East, a distance of 111.81 feet to the POINT OF BEGINNING, CONTAINING within these
  metes and bounds a 180.78 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in August, 2018 and are true and correct to the best of my knowledge and belief.

**Jan** 08/28/2018

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 6616

\$22675,01

#### TRACT 6B 271.87 ACRES

#### THE STATE OF TEXAS) THE COUNTY OF CALHOUN)

BEING a 271.87 acre tract of land situated in the Abner L. Clements Survey, Abstract No. 58, Calhoun County, Texas and being that same Tract 10, a called 303.10 acre tract of land described by Deed dated lanuary 31, 1976, conveyed from W.H. Bauer and H.C. Smith to W.H. Bauer, Jr., et al as recorded in Volume 302, Page 968 of the Deed Records, Calhoun County, Texas, said 271.87 acre tract being more particularly described by meter and bounds as follows:

**BEGINNING** at a point along the westerly shoreline of Keller Bay being along a common line between the aforesaid 303.10 acre tract and Tract 9, a called 566.02 acre tract of land described by instrument to W.H. Bauer, Ir., et al as recorded in Volume 302. Page 838 of the Deed Records, Calhoon County, Texas for the southeast corner of the herein described tract:

HENCE, South 76°49'28" West, departing the westerly shoreline of said Keller Bay, with a common line between said 303.10 acre tract and the aforesaid Tract 9, at a distance of 100.00 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference, at a distance of 300.81 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference, and continuing for a total distance of 3300.81 feet to a point along the easterly shoreline of Lavaca Bay and being along a common line between said 303.10 acre tract and said Tract 9 for the southwest corner of the herein described tract;

THENCE, along the easterly shoreline of said Lavaca Bay, the following courses and distances:

- North 15'37'57" West, a distance of 1541.00 feet to an angle point for the herein described tract;
- North 18'04'49" East, a distance of 487.70 feet to an angle point for the herein described tract;
- North 27°15'36" East, a distance of 898.41 feet to an angle point for the herein described tract;
- Morth 14\*18\*31" East, a distance of 289.09 feet to an angle point for the herein described tract;
- North 15°03'90" East, a distance of 377.76 feet to an angle point for the herein described tract;
- North: 17°31'15" East, a distance of 739.52 feet to an angle point for the herein described tract;
- North 30"19"36" East, a distance of 470.15 feet to an angle point for the herein described tract;
- North 63°55'13" East, a distance of 142.37 feet to an angle point for the herein described tract;

THENCE, along the southerly and westerly shoreline of said Keller Bay, the following courses and distances:

- Morth 85°58'41' East, a distance of 346.23 feet to an angle point for the herein described tract;
- South 60°12'31" East, a distance of 254.57 feet to an angle point for the herein described tract;
- North 39°49°S8° East, a distance of 191.26 feet to an angle point for the herein described tract;
- South 73°11'49" East, a distance of 182.35 feet to an angle point for the herein described tract;
   South 48°06'93" East, a distance of 562.25 feet to an angle point for the herein described tract;
- South 26'29'26' East, a distance of 286,24 feet to an angle point for the herein described tract;

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- South 39°04'30" East, a distance of 130.95 feet to an angle point for the herew described tract;
- South 12°33'00" East, a distance of 410.64 feet to an angle point for the herein described tract;
- South 29°47'59" East, a distance of 685.56 feet to an angle point for the herein described tract;
- South 01°12'14" East, a distance of 155.49 feet to an angle point for the herein described tract;
- South 60°50'S6" West, a distance of 125.81 feet to an angle point for the herein described tract;
- South 07'46'08" West, a distance of \$32,00 feet to an angle point for the herein described tract;
- South 12"48"50" East, a distance of 1135.35 feet to the POINT OF BEGINNING, CONTAINING within these
  metes and bounds a 271.87 acre treat of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in August, 2018 and are true and correct to the best of my knowledge and belief.

Urban Surveying, Inc.

By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 5616

\$22675.02

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Introduction

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with underlying development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such

Introduction

#### **Identification of the Subject Property**

The subject is located off County Road 314, south of the town of Port Comfort in Calhoun County, Texas. The site contains 452.65 acres.

#### **Prior Sales History**

The Subject is not currently listed for sale.

The Subject Property was purchased by Miramar Pointe, LLC from Bauer Family Ranches II LTD for \$2,714,578.95 on August 31, 2018. Copies of the deed and title documents are located in the addenda.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found only the above referenced sale of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

#### Ownership

Miramar Pointe, LLC

**Improvements** 

None

Taxes

Introduction

the detection of such materials.

- For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

#### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 452.65 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Montego Pointe

Document ID: ECOVEST-DOJ\_0186699

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#### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 28, 2019

Montego Pointe LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Montego Pointe, LLC

246.79-acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance. I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 755 of 1318 Excerpts from Montego Pointe Appraisal

experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement. For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

#### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii). In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

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The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 246.79-acre conservation easement in Calhoun County, Texas. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

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Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of November 29, 2018, and Before the Subject Property is encumbered by the easement is as follows:

	Acres	
Total Fair Market Value Before the Easement Fee Simple	246.79	\$77,159,713

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of November 29, 2018 is:

Total Fair Market Value	246.79	\$1,800	\$444,222
After the Easement Fee Simple (rour	nded)	,	

The encumbered property also includes one reserved building zone that allows for one home site. This site allows for one residence and one additional residence that can be no more than ½ the size of the main residence, basically a mother-in-law cottage. In theory, if taken as separate components of the valuation, the building area and the remaining eased area that cannot be improved have different values. This site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided that this site does not warrant any additional value over that of the balance of the eased area, but I do feel that it does add to the value of the total tract; therefore, the value of this tract will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of November 29, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$77,159,713. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$444,222. Using the before and after method, the Fair Market Value of the Conservation Easement is \$76,715,000 (rounded).

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Fair Market Value of the Easement	•	•	\$76,715,000
Total Fair Market Value After the Easement	246.79	\$1,800	\$444,222
Total Fair Market Value Before the Easement	246.79		\$77,159,713

Fair Market Value of the Conservation Easement on the effective date is:

### SEVENTY-SIX MILLION SEVEN HUNDRED FIFTEEN THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of Hurricane Harvey in 2017 on the prospective projects.

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### CLAUD CLARK III, P.C. REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

November 29, 2018

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- It set an all-time record low pressure at Mobile's airport.
- Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- \* Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- \* A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Montego Pointe will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

UNU UNX III

Claud Clark III

### RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 31, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019 and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue. Sincerely,

Ralph S Bowden

Ralph S. Bowden President

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### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 18, 2019 and have developed the Fair Market Value.

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- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

Und Vake

State Certified General Real Property Appraiser

TX License #TX 1380003

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway 185 and

north of the Intracoastal Waterway, just west of Port O'Connor,

Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation easement.

**Date of the Appraisal Report:** January 28, 2019

**Date of Inspection:** January 18, 2019

**Date of Value Estimates:** November 29, 2018

**Date of Donation** November 29, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 246.79 Acres

**Easement:** 246.79 Acres

**Reserved:** One Four-acre Reserved Building Zone located within the

easement

**Total:** 246.79 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with one 4-acre

building zone

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III. PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

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#### **Assumptions and Limiting Conditions**

 $PLEASE\ NOTE\ THAT\ THE\ ACCEPTANCE\ AND/OR\ USE\ OF\ THIS\ APPRAISAL\ AND\ REPORT\ CONSTITUTES\ ACCEPTANCE\ OF\ THE\ FOLLOWING\ TERMS\ AND\ CONDITIONS:$ 

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

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In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### Hazardous Waste

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

245.79 ACRES

THE STATE OF TEXAS)
THE COUNTY OF CALHOUR)

BEING a 246.79 acre tract of land situated in a portion of the Cleto Garcia Survey, Abstract No. 14 and a portion of the Pedro Garcia Survey, Abstract No. 16, Calhoun County, Texas, being a portion of Let 2 and Let 3, Section 9, Block "8" of the Calhoun County Cattle Company Subdivision of the Port O'County Pasture Plat of said subdivision recorded in Volume 1. Page K, of the Deed Records, Calhoun County, Texas, and being a part of that remaining called 12,228.52 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated March 27, 2015, conveyed from Texas Ranch Holdings, LLC to Texas Coastal Ranches, Inc. as recorded in instrument No. 142897 of the Official Public Records, Calhoun County, Texas, said 246-79 acre tract being more particularly described by metes and bounds as follows:

**BEGINNING** at a found 5/8" steel rebar along a southeast line of a 100-foot floadway Easement described by Instrument as recorded in Instrument No. 142896 of the Official Public Records, Calhoun County, Texas, marking the northwesterly corner of a called 333.33 acre tract of land described by Instrument to Mike C. Williams as recorded in Instrument No. 143573 of the Official Public Records, Calhoun County, Texas for the north corner of the herein described tract, from which a found 5/8" steel rebar marking the north corner of the aforesaid 333.33 acre tract, same being the east most corner of the aforesaid 100 foot Roadway Easement, and being along the southwest line of a 461.64 acre tract of land described by Instrument to Matagorda Land Holdings, LtC (Santo Bay Resort, LtC by Instrument No. 2017-02129) as recorded in Instrument No. 152028 of the Official Public Records, Calhoun County, Texas bears North 64°50'17" East, a distance of 3774.13 feet;

THENCE, South 28°18'13" East, departing the southeast line of said 100-Roadway Fasement, with the southwest line of said 333.33 acre tract, at a distance of 3670.31 feet passing a found 5/8" steel rebar for reference and continuing for a total distance of 4027.48 feet to a point marking the south corner of said 333.33 acre tract and being along the southeast line of the aforementioned 12,228.52 acre tract for the southeastedy corner of the herein described tract:

THENCE, South 62°05'55" West, along the southeast line of said 12,228.52 acre tract, a distance of 2624.29 feet to a point along the southeast line of said 12,228.52 acre tract marking the southeasterly corner of a portion of Tract 2, a called 960.48 acre tract of land described by Instrument to Alan B, Roberts and wife, Robyn Roberts as recorded in instrument No. 145897 of the Official Public Records, Cathoun County, Texas for the south corner of the herein described tract:

THENCE, North 28°1.7'15" West, along a northeast line of the aforesold Roberts Tract, at a distance of 376.24 feet passing a found 5/8" steel rebar for reterence and continuing for a total distance of 1436.27 feet to a found 5/8" steel rebar marking an exterior corner of said Reberts Tract for an interior corner of the herein described tract,

THENCE, South 77°16'53" West, continuing along a southeast line of said Roberts Tract, a distance of 7.04 feet to a found 5/8" steel reber marking an interior corner of said Roberts Tract for an exterior corner of the herein described tract;

THENCE, North 28"17'28" West, continuing along a northeast line of said Roberts Tract, a distance of 2715.25 feet to a found 5/8" steel rebar along the southeast line of said 100-foot Roadway Easement marking an exterior corner of said Roberts Tract for the northwesterly corner of the herein described tract;

THENCE, North 64°50'17" East, along the southeast line of said 100-foot Roadway Essement, a distance of 2633.96 feet to the POINT OF BESINNING, CONTAINING within these metes and bounds a 246.79 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

03/29/2018

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in February, 2016 and are true and correct to the best of my knowledge and belief.

Urban Surveying, Inc.

By: Michael K. Williams Registered Professional Land Surveyor

Texas No. 5515

\$22398.00 - 246.79 Acres

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 773 of 1318 Excerpts from Montego Pointe Appraisal

Introduction

with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with underlying development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

Introduction

### **Identification of the Subject Property**

The subject is located off of State Highway 185 (Adams Street) and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 246.79 acres.

### **Prior Sales History**

The Subject is not currently listed for sale.

The Subject Property was purchased by Montego Pointe, LLC from Texas Coastal Ranches for \$2,086,348.96 on May 14, 2018. Copies of the deed and title documents are located in the addenda.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found only the above referenced sale of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### Ownership

Montego Pointe, LLC

### *Improvements*

None

Taxes

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Introduction

### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

 Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land. Conclusion:

The Subject Property consists of approximately 246.79 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Monterrey Cove

Document ID: ECOVEST-DOJ 0102366

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Monterrey Cove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Monterrey Cove, LLC

425.17 acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of November 30, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of November 30, 2017 is:

Unencumbered	Acres	FMV	
Before Value	425.17	\$77,972,524	

The value of the Subject Property, subject to a perpetual conservation easement as of November 30, 2017 is:

Encumbered	Acres	FMV	
I OIALAHEL VAIHE	425.17	\$1,066,667	
Total / Ittol			

The value of the easement gift as of November 30, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	425.17	\$77,972,524
Less		
Total After Value (Encumbered)	425.17	\$1,066,667
Value of the Easement	rounded	\$76,906,000

The encumbered property also includes one (1) reserved building zone that allows for the construction of one residence and one recreational building. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that f the per acre value of the encumbered property. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided to value this building zone at \$5,000 per acre, or \$24,800. I have rounded this value to \$25,000 and it will be added to the indicated fair market value of the encumbered property. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TX License #TX 1380003 G State Certified General Real Property Appraiser

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### Hurricane Harvey Comments

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of the storm on the prospective projects.

## **CLARK** ~ **DAVIS**, **P.C**. REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

September 8, 2017

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- \* Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Monterrey Cove will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

### RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 29, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Monterrey Cove, Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development of Monterrey Cove include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019, and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue.

Sincerely,

Ralph S. Bowden

Ralph S Bowden

President

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications
  (background, experience, education and membership in professional associations), I am qualified to make appraisals of real
  property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 3890

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State Certified General Real Property Appraiser

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### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway

185 and north of the Intracoastal Waterway, just west of

Port O'Connor, Calhoun County, Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** June 13, 2017

**Date of Value Estimates:** November 30, 2017

**Date of Donation:** November 30, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 425.17 Acres

**Easement:** 425.17 Acres

**Reserved:** 1.5 Acres

**Total:** 425.17 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement, or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# Legal Descriptions and Maps

425.17 ACRES

THE STATE OF TEXAS? THE COUNTY OF CALHOUN)

BEING a 425.17 acre tract of land situated in a portion of the Cieto Garcia Survey, Abstract No. 14 and a portion of the Faustino Albarado Survey, Abstract No. 1, Calhoun County, Texas, being comprised of partions of Lat 3, Section 1; Lat 4, Section 2; Lats 1 & 4, Section 5, Lats 2 & 3, Section 5; Lats 2 & 3, Section 7; and Lots 1 & 2, Section 8, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Deed Records, Calhoun County, Texas, and being a part of that remaining called 12,228.52 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated March 27, 2015, conveyed from Texas Ranch Holdings, LLC to Texas Coastal Ranches, Inc. as recorded in instrument No. 142897 of the Official Public Records, Calibour County, Texas, said 425.17 acre tract being more particularly described by metes and bounds as รัตรโดนแระ

BEGINNING at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the south line of State Highway No. 185 (a Variable Width Right-of-Way), being along the north line of the aforesaid 12,228.52 acre tract, same being the north line of a Right-of-Way Easement, described as Part a called 8.163 agre tract of land, conveyed to the State of Texas as recorded in Volume 263, Page 509 of the Deed Records, Caihoun County, Texas, and being the northwest corner of a called 399.19 acre tract of land conveyed to TCR Land Holdings, LLC as recorded in instrument No. 149121 of the Official Public Records, Calhoun County, Texas for the northeast corner of the herein described tract,

THENCE, South 25°50'48" East, departing the south right-of-way line of said State Highway No. 185, over and across said 12,228.52 acre tract, and with the west line of the aforesaid 399.19 acre tract, at a distance of 10541.87 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVETING, INC." for reference and continuing for a total distance of 10756.87 feet to a point along the southeasterly line of said 12,228.52 acre tract marking the southwest corner of said 399.19 acre tract for the southeast corner of the herein described tract;

THENCE, South 62°05'55" West, along the southeasterly line of said 12,228.52 acre tract, a distance of 1569.94 feet to a point along the southeasterly line of said 12,228.52 acre tract marking the south most corner of the herein described tract:

THENCE, North 25°50'45° West, over and across said 12,228.52 acre tract, at a distance of 261.67 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEVING, INC." for reference and continuing for a total distance of 11428.25 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the north line of said 12,218.52 acre tract and said Right-of-Way Easement and being along the south right-of-way line of said State Highway No. 185 for the northwest conner of the herein described tract:

THENCE, North 83°58'28" East, along the south right-of-way line of said State Highway No. 185, with the north line of said 12,228.52 acre tract and said Right-of-Way Earement, a distance of 1773.97 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 425.17 acre tract of land, more or ess.

Basis of bearing is based on the Texas State Piane Coordinate System (NAO 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in February, 2017 and are true and correct to the best of my

knowledge and belief.

83/88/2017

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 5616

\$21864.00 - Tract 1: 425.17 Acres

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 794 of 1318 Excerpts from Monterrey Cove Appraisal

Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 425.17 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction

Area Data

## Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales

Area Data

# **Identification of the Subject Property**

The subject is located off of State Highway 185 (Adams Street) and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 425.17 acres.

# **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

# **Ownership**

Monterrey Cove, LLC

**Improvements** 

None

Taxes

Site Data

# Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 425.17 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Myers Cove

Document ID: ECOVEST-DOJ 0226905

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 799 of 1318 Excerpts from Myers Cove Appraisal

# CLARK ~ DAVIS, PC **REAL ESTATE APPRAISERS**

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

† Certified in AL, GA

\* Certified in AL, FL, MS, GA, CO

Claud Clark III \* Certified General Real Property Appraiser Kathy P. Davis Certified Residential Appraiser Laura Fullington † Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

March 18, 2013

Myers Cove Investments, LLC 577 Mulberry St. Suite 1100 Macon, GA 31201

RE: Conservation Easement Myers Cove

Warren County, Tennessee

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

To Whom It May Concern:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

Foothills Land Conservancy 373 Ellis Avenue Maryville, Tennessee 37804 I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 26, 2012, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Fee Simple Interest	460.19	\$9,382,846
1		

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 26, 2012 is:

Fee Sim	ple Interest	t with Enc	umbrance	455.	1 \$1,10	0 \$500	,599

The subject property has one (1) reserved site. While the site cannot claim ownership of the conservation easement area, it can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 10% enhancement to the reserved lot.

The value of the easement gift as of December 26, 2012 is as follows and is based upon the before and after value.

Fee Simple Interest Before	460.19		\$9,382,846
Fee Simple Interest with Encumbrance	455.1	\$1,100	\$500,599
Less One Reserved Lot	5.1		\$150,000
Less  Page word Let Enhancement		10%	
Reserved Lot Enhancement		10%	<u>\$15,000</u>
Value of the Easement	r	ounded	\$8,717,000

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I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

The after valuation is made under the assumption that the easement has been granted. It has not been granted.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I have not been barred from practicing before the IRS.
- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

**NuX**II

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 805 of 1318 Excerpts from Myers Cove Appraisal

# Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located at the end of Sink Road just east of

McMinnville in Warren County, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** March 18, 2013

**Date of Value Estimates:** December 26, 2012

**Date of Donation** December 26, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 460.19 +- Acres

**Easement:** 455.1 +- Acres

**Reserved:** 5.1 +- Acres

**Total:** 460.19 +- Acres

**Improvements:** Jeep/ATV Trails

High and Best Use

Before: Residential Development

of Site as Though Vacant: After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;

- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

## **LEGAL**

The following is a description of the Southeastern Timberland Group LLC property being located along a logging road in the 6th Civil District of Warren County, Tennessee. (Warranty Reference Deed Book 205 Page 771 and Tax Map 107 Parcel 2.01).

Beginning at a point in the center of a 15' gravel road also known as a logging road being located N 34°54'50"W 1824.51 feet from a power pole; thence leaving the road and going with the Myers Cove Nursery property S 03°58'25"W 8.27 feet to a 20" white oak; thence S 08°50'05"W 122.78 feet to a 4" iron pin (found); thence leaving the Myers Cove Nursery property and going with the James Hicks property S 06°57'35"W 276.26 feet to a ½" rebar (found); thence continuing with the Hicks property S 06°48'13"W 220.29 feet to a ½" rebar (found); thence S 06°44'37"W 214.45 feet to a ½" rebar (found); thence leaving the Hicks property and going with the Richard Longanecker property S 06°49'20"W 197.36 feet to a ½" rebar (found); thence S 06°46'32"W 188.62 feet to a ½" rebar (found); thence S 06°46'51"W 188.88 feet to a ½" rebar (found); thence S 82°23'07"E 684.63 feet to a coal car rail; thence leaving the Longanecker property and going with the Mt. Zion Cemetery property S 06°02'40"E 508.83 feet to a 20" poplar; thence N 87°28'06"E 328.07 feet to a set stone; thence N 09°49'05"E 387.47 feet to a ½" pipe (set); thence leaving the Mt. Zion Cemetery property and going with Wildwood Road N 63°41'37"E 46.13 feet; thence N 43°01'23"E 29.48 feet to a ½" rebar (found); thence leaving the road and going with the Longanecker property S 81°32'58"E 634.55 feet to a rock pile with a steel fence post in it; thence leaving the Longanecker property and going with the Kevin Butcher property S 07°18'04"W 1822.02 feet to a rock at a coal car rail; thence leaving the Butcher property and going with the Andrew Myers property N 83°30'25"W 274.32 feet to a rock at a coal car rail; thence S 07°58'12"W 1789.29 feet to a 30" chestnut oak; thence S 20°30'40"W 238.14 feet to a painted set stone; thence S 45°41'02"W 987.09 feet to a 4" iron pin (found); thence leaving the Myers property and going with the Delma Louis Campbell property S 56°06'14"W 179.19 feet to a painted stone in a creek; thence S 43°53'16"E 515.31 feet to a coal car rail in a creek; thence S 31°21'54"W 963.90 feet to a painted set stone; thence S 53°28'45"W 428.11 feet to a painted set stone; thence N 27°40'57"W 117.54 feet to a coal car rail at stump; thence S 66°22'23"W 953.96 feet to a coal car rail; thence S 07°44'51"W 194.14 feet to an iron stake in a rock; thence S 88°21'07"W 322.32 feet to a painted set stone; thence leaving the Campbell property and going with the Stevenson Land Company and the Steve Bouldin property N 06°59'28"E 1773.45 feet to a coal car rail in drain; thence continuing with the Bouldin property N 69°00'08"E 349.99 feet to a coal car rail in a drain; thence N 06°43'57"E 2045.52 feet to a ½" rebar at painted rock; thence continuing with Bouldin generally following the meanders of an old log road S 42°12'55"W 67.68 feet; thence S 35°10'47"W 24.55 feet; thence S 13°09'50"W 39.47 feet; thence S 14°04'12"W 32.90 feet; thence S 52°03'11"W 27.07 feet; thence S 74°41'57"W 64.96 feet; thence S 66°34'16"W 29.59 feet; thence S 41°07'34"W 34.28 feet; thence S 03°33'53"W 77.99 feet; thence S 03°26'54"E 205.85 feet; thence S 24°40'10"W 64.78 feet to a 8" maple; thence N 17°13'37"W 33.80 feet; thence N 64°57'44"W 253.09 feet; thence S 68°18'22"W 57.39 feet; thence S 85°37'49"W 107.74 feet to a ½" rebar (found); thence S 84°55'06"W 82.79 feet; thence S 51°19'07"W 72.91 feet; thence S 82°39'58"W 23.14 feet; thence N 74°16'25"W 146.29 feet; thence N 79°11'52"W 71.30 feet; thence N 60°34'32"W 25.65 feet; thence N 57°21'28"W 83.28 feet; thence N 69°19'55"W 141.71 feet; thence N 69°20'29"W

29.87 feet; thence N 62°36'37"W 27.63 feet to a ½" rebar (found); thence S 86°12'16"W 51.25 feet; thence S 78°17'21"W 144.00 feet; thence N 80°02'20"W 83.19 feet; thence N 53°48'10"W 77.92 feet; thence N 61°48'41"W 134.27; thence N 34°52'33"W 102.07 feet; thence N 15°48'45"W 199.58 feet; thence N 25°01'39"W 46.44 feet; thence N 71°12'09"W 56.50 feet; thence N 74°53'13"W 70.10 feet to a 10" poplar; thence N 87°44'31"W 95.84 feet; thence N 68°56'02"W 98.53 feet; thence N 74°31'50"W 73.64 feet; thence S 88°05'23"W 56.75 feet; thence S 60°15'44"W 44.59 feet; thence S 31°18'39"W 80.91 feet; thence S 46°07'47"W 90.85 feet; thence N 82°33'43"W 67.96 feet; thence N 41°59'28"W 57.77 feet; thence S 84°52'20"W 32.26 feet; thence S 55°30'11"W 44.57 feet; thence S 83°12'11"W 50.20 feet; thence N 69°13'03"W 71.80 feet; thence S 85°10'05"W 51.43 feet; thence S 62°16'06"W 87.64 feet; thence S 49°28'41"W 89.16 feet; thence S 53°29'55"W 136.97 feet; thence S 61°00'53"W 45.09 feet; thence S 36°37'13"W 52.38 feet; thence S 45°02'15"W 158.87 feet to a 16" sycamore; thence leaving the dirt road and continuing with Bouldin N 06°27'03"E 1915.97 feet to a 24" red oak; thence N 41°45'23"E 48.81 feet to a 10" snag in a drain; thence N 09°13'10"E 104.13 feet to a 10" beech in a drain; thence N 59°37'11"E 237.71 feet to the centerline of a drain; thence S 88°44'29"E 216.57 feet; thence N 72°25'26"E 182.22 feet; thence leaving the Steve Bouldin property and going with the Stevenson Land Company property N 61°42'36"E 137.16 feet: thence N 84°24'34"E 182.50 feet; thence N 66°52'37"E 134.52 feet; thence N 88°23'01"E 115.81 feet; thence S 81°23'05"E 147.60 feet; thence N 51°24'21"E 123.06 feet; thence S 83°07'41"E 162.36 feet; thence N 79°00'13"E 58.87 feet to a coal car rail in a drain; thence S 18°14'53"E 128.10 feet to a 5" maple; thence S 08°59'19"W 114.67 feet to a 20" poplar; thence S 19°33'45"W 152.06 feet to a 24" beech; thence S 19°46'44"W 136.19 feet to a 36" beech; thence N 84°29'44"E 1242.36 feet to a painted set stone; thence S 11°30'37"E 794.64 feet to a coal car rail; thence N 64°24'20"E 802.41 feet to a coal car rail; thence N 07°10'28"E 711.55 feet to a twin maple; thence N 05°49'22"E 247.55 feet to a 28" maple; thence N 00°38'13"W 173.14 feet to a double chestnut oak; thence continuing with Stevenson Land Co. generally following the meanders of the bluff line N 50°30'01"W 74.56 feet to a 12" chestnut oak; thence N 47°25'45"W 59.34 feet to a 12" chestnut oak; thence N 58°23'28"W 130.72 feet to a 12" chestnut oak; thence N 28°27'45"W 153.45 feet to a 24" chestnut oak; thence N 17°23'33"W 404.64 feet to a 40" chestnut oak; thence N 08°55'30"W 98.37 feet to a 14" maple; thence N 32°54'55"W 102.62 feet to a 6" sour wood; thence N 59°29'51"W 108.90 feet to a 30" chestnut oak; thence N 52°51'45"W 156.91 feet to a 12" maple; thence N 44°10'25"W 121.17 feet to a 30" chestnut oak; thence N 86°32'38"W 171.52 feet to a 14" chestnut oak; thence N 45°33'57"W 140.62 feet to a 18" chestnut oak; thence N 72°15'45"W 158.63 feet to a 18" chestnut oak; thence N 77°33'12"W 165.61 feet to a 24" chestnut oak; thence N 51°17'08"W 211.78 feet to a 24" chestnut oak; thence N 61°37'49"W 200.82 feet to a 10" elm; thence N 66°28'27"W 199.73 feet to a 20" chestnut oak; thence S 89°46'02"W 111.87 feet to a 20" chestnut oak; thence S 81°46'44"W 36.16 feet to a 10" chestnut oak; thence S 87°31'14"W 208.33 feet to a 18" chestnut oak; thence N 81°08'40"W 139.54 feet to a 20" chestnut oak; thence N 73°02'57"W 69.67 feet to a 18" chestnut oak; thence N 82°43'20"W 65.25 feet to a 30" chestnut oak; thence N 71°02'29"W 169.57 feet to a 12" chestnut oak; thence N 88°04'26"W 123.11 feet to a 12" chestnut oak; thence N 78°30'04"W 59.42 feet to a 12" chestnut oak; thence S 68°56'22"W 104.07 feet to a 20" chestnut oak; thence S 79°07'45"W 32.65 feet to a 12" chestnut oak; thence N 64°46'05"W 84.08 feet to a 16" chestnut oak; thence N 88°05'15"W 54.88 feet to a 14" maple; thence N 49°49'02"W 96.98 feet to a 14" maple; thence leaving the Stevens Land Company property and going with the Steve Bouldin property S 86°22'47"W 54.34 feet to a 10" hickory; thence S

71°29'18"W 48.94 feet to a 10" maple; thence N 66°04'37"W 35.83 feet to a 8" hickory; thence S 69°19'31"W 46.62 feet to a 12" dead snag; thence leaving the Steve Bouldin property and the bluff line and going with the Charles Reynolds property N 07°36'02"E 228.03 feet to a 20" white oak; thence N 08°30'07"E 197.59 feet to a point in the center of an old logging road being located S 66°34'2" E 11.43 feet from a ½" rebar (found) in the eastern line of the Reynolds property; thence leaving the Reynolds property and going with the Panther Creek Forestry property along the center line of the said logging road N 67°11'03"E 118.49 feet; thence N 61°24'01"E 64.39 feet; thence N 70°37'11"E 39.05 feet; thence N 80°27'35"E 11.05 feet; thence S 84°20'59"E 70.07 feet; thence S 76°32'52"E 78.61 feet; thence S 67°26'03"E 95.91 feet; thence S 52°08'08"E 63.69 feet; thence S 60°09'09"E 54.26 feet; thence S 84°02'39"E 36.99 feet; thence N 72°59'49"E 34.96 feet; thence N 70°14'06"E 37.96 feet; thence N 81°37'03"E 69.31 feet; thence N 77°37'26"E 78.97 feet; thence S 85°28'43"E 93.18 feet; thence S 73°48'58"E 43.27 feet; thence S 65°40'22"E 56.55 feet; thence S 63°37'30"E 27.20 feet; thence S 60°17'44"E 42.48 feet; thence S 45°13'09"E 38.73 feet; thence S 36°19'21"E 94.55 feet; thence S 45°46'11"E 46.08 feet; thence S 57°26'31"E 27.44 feet; thence S 62°46'33"E 199.11 feet; thence S 67°03'30"E 188.72 feet; thence S 62°17'28"E 57.88 feet; thence S 64°49'14"E 23.72 feet; thence S 69°59'13"E 28.32 feet; thence S 81°03'12"E 75.35 feet; thence S 79°16'48"E 41.65 feet; thence S 71°17'53"E 61.75 feet; thence S 72°59'02"E 36.42 feet; thence S 80°21'04"E 42.71 feet; thence N 88°20'02"E 64.70 feet; thence N 82°04'18"E 89.35 feet; thence N 83°19'16"E 139.92 feet; thence N 87°17'02"E 280.47 feet; thence N 75°43'19"E 61.16 feet; thence N 65°01'15"E 71.15 feet; thence N 67°35'18"E 51.61 feet; thence N 73°07'12"E 78.85 feet; thence N 80°16'43"E 50.90 feet; thence N 85°25'52"E 109.45 feet; thence N 72°15'59"E 63.55 feet; thence N 76°06'01"E 62.90 feet; thence S 80°40'19"E 41.17 feet; thence S 69°59'56"E 77.38 feet; thence S 74°21'48"E 103.21 feet; thence S 80°13'58"E 54.73 feet; thence N 89°00'39"E 68.23 feet; thence N 87°39'17"E 63.53 feet; thence S 89°36'06"E 60.63 feet; thence N 76°43'37"E 69.16 feet; thence N 86°46'55"E 42.27 feet to the beginning being 460.19 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 26 November 2007.

Introduction

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises the fourth step. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 813 of 1318 Excerpts from Myers Cove Appraisal

Introduction

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Mountains, Bluffs). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for development, such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. This property does not adjoin any golf courses, or National Parks or Forests, but examples of each are in close proximity.

Extraction and Allocation are methods that involve improved properties and they are not appropriate in this case.

Introduction

# **Identification of the Subject Property**

The subject property consists of one parcel located at the end of Sink Road outside of McMinnville in Warren County, Tennessee. The site contains 460.19+- acres.

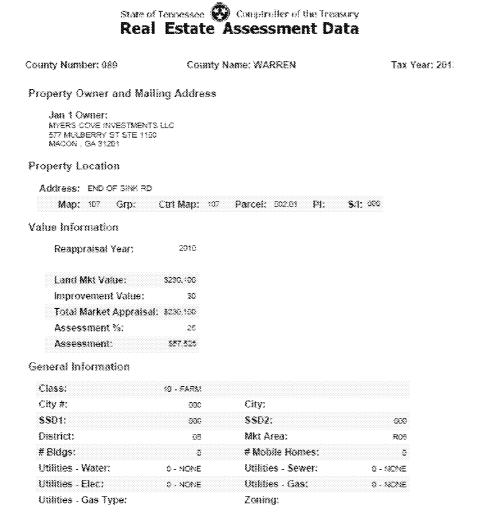
# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# **Ownership**

Myers Cove Investments, LLC

# **Taxes**



# **Improvements**

None

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 815 of 1318 Excerpts from Myers Cove Appraisal

Site Data

• Observed distressed vegetation: On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk":

On-Site: No; Adjacent: No
Observed noticeable odors:

On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

# Conclusion:

The subject property consists of approximately 460.19 +- acres, of which approximately 460.19 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Myrtle Cove Resort

Document ID: ECOVEST-DOJ 0143459

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Myrtle Cove Resort LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Myrtle Cove Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

1

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the

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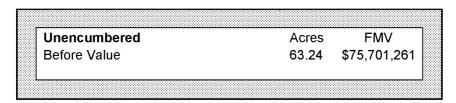
intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 5, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 5, 2017 is:



The value of the Subject Property, subject to a perpetual conservation easement as of December 5, 2017 is:

Encumbered	Acres	FMV
Total After Value	63.24	\$401,184

The value of the easement gift as of December 5, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	63.24	\$75,701,261
Less		
Total After Value (Encumbered)	63.24	<u>\$401,184</u>
Value of the Easement	rounded	\$75,300,000

The encumbered property also includes two (2) reserved building sites that allow for the construction of either two residences or one resort building, but not both. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, require an

additional value over that of the per acre value of the encumbered property. It should be noted that these sites are not build ready and will incur some development costs to make them so. I have decided that an additional value of \$150,000 per site that will be added to the after value of the property, in order to adjust for the reserved rights afforded to the building sites. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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# Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6768 CG

llwlg

State Certified General Real Property Appraiser

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# Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located on the west side of the

Conway Bypass and north of the Intracoastal Waterway in

North Myrtle Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** October 12, 2017

**Date of Value Estimates:** December 5, 2017

**Date of Donation:** December 5, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

Site: 63.24 Acres

Easement: 63.24 Acres

**Reserved:** Two Reserved Building Sites

**Total:** 63.24 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

## Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### <u>Limitations of a Value Estimate in a Dynamic Market</u>

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

ALL AND SINGULAR, THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND, SITUATE, LYNG AND BEING IN HORRY COUNTY, SOUTH CAROLINA, MORE PARTICULARLY SHOWN AND DESIGNATED AS "PARCEL D2" CONTAINING 2,754,770 SQ. FT., 63,24 AC., MORE OR LESS AS SHOWN ON A MAP OR PLAT PREPARED BY DDC ENGINEERS, ENTITLED "MAP OF PARCEL 'D2" CONTAINING 63,26+/- ACRES, CITY OF NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA, SUBDIVISION EXHBIT, PREPARED FOR: MYRTLE COVE RESORT", DATED JULY 16, 2015, AND RECORDED \_\_\_\_\_, IN PLAT BOOK \_\_\_\_\_, AT PAGE \_\_\_\_\_, IN THE OFFICE OF THE REGISTER OF DEEDS FOR HORRY COUNTY, SOUTH CAROLINA, REFERENCE TO WHICH IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION (THE "PLAT")

TOSETHER WITH A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND THE INSTALLATION, MAINTENANCE AND REPAIR OF UTILITIES IN ACCORDANCE WITH THAT CERTAIN EASEMENT AGREEMENT BY AND AMOND COTERRA CHESTUNUT, LLC, MYRTLE HOLDING COMPANY, LLC, AND REACH 9, LLC, RECORDED FERRUARY 2, 2015, IN DEED BOOK 3798, AT PAGE 1155, IN THE PUBLIC RECORDS OF HORBY COUNTY, SOUTH CARCLINA, WHICH EASEMENT IS APPURTENANT TO AND RUNNING WITH THE ABOVE DESCRIBED PROPERTY.

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCEL AND POINT BEING MARKED BY HAVING 1/2" IRON REBAR FOUND AND HAVING SC STATE PLANE COORDINATES OF N 721,078.20 AND E 2,672,772.03 THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY DIAMOND GRANDE RESORT, LLC TO THE WEST BY THE SUBJECT TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

```
S 701 371 391 E 737.341 TO 1/21 IRF
S 191 261 531 W 99.841 TO 1/21 IRF
S 121 251 071 E 862.521 TO 1/21 IRF
S 371 201 29 E 1431.031 TO A CALCULATED POINT.
```

THENCE A LINE BOUNDED TO THE SOUTH BY ATLANTIC INTRACOASTAL WATERWAY AND BOUNDED TO THE NORTH BY THE SUBJECT PROPERTY THE FOLLOWING BEARING AND DISTANCE:

```
S 52° 41° 43° W 105.14° TO A CALCULATED POINT.
S 52° 40° 57° W 1023.20° TO A CALCULATED POINT.
```

THENCE A LINE BOUNDED TO THE WEST BY LANDS NOW OR FORMERLY OWNED BY REACH 9, LLC AND BOUNDED TO THE EAST BY THE SUBJECT PROPERTY THE FOLLOWING SEARINGS AND DISTANCES:

```
N 37' 19' 03" W 1340.21' TO A CALCULATED POINT N 77" 25' 20" W 180.92' TO A CALCULATED POINT
```

THENCE A LINE SOUNDED TO THE WEST BY LANDS NOW OR FORMERLY OWNED BY COTERRA CHESTNUT, ILC THE FOLLOWING SEARINGS & DISTANCES:

```
N 47' 82' 38" W 19.65' TO A CALCULATED POINT (L1)
N 10' 46' 11" W 75.61' TO A CALCULATED POINT (L2)
N 13'04'31" E 111.87' TO A CALCULATED POINT (L3)
N 01' 58' 36" E 38.29' TO A CALCULATED POINT (L4)
N 18' 52' 30' E 27.42' TO A CALCULATED POINT (L5)
N 18' 52' 30' E 27.42' TO A CALCULATED POINT (L5)
N 18' 52' 30' E 12.82' TO A CALCULATED POINT (L7)
S 48' 36' 89" E 13.00' TO A CALCULATED POINT (L8)
S 74' 30' 32" E 82.30' TO A CALCULATED POINT (L10)
S 70' 09' 50" E 46.89' TO A CALCULATED POINT (L10)
N 63' 14' 90" E 77.18' TO A CALCULATED POINT (L10)
N 29' 29' 38" E 34.23' TO A CALCULATED POINT (L13)
N 70' 48'32" E 37.01' TO A CALCULATED POINT (L14)
N 37' 81' 43" E 76.26' TO A CALCULATED POINT (L14)
N 37' 37' 37" W 55.03' TO A CALCULATED POINT (L16)
N 67' 37' 37" W 55.03' TO A CALCULATED POINT (L16)
N 67' 37' 37" W 55.03' TO A CALCULATED POINT (L16)
N 67' 37' 37" W 55.03' TO A CALCULATED POINT (L18)
N 21' 03' 03' E 44.58' TO A CALCULATED POINT (L18)
```

```
N 721 381 467 E 25.191 TO A CALCULATED POINT (L20)
          22" E 35.35" TO A CALCULATED POINT (L21)
         13" E 34.52' TO A CALCULATED POINT (L22)
N 84" 29"
N 69' 36' 38" E 48.42' TO A CALCULATED POINT (L23)
N 121 29' 03" W 102.34" TO A CALCULATED POINT (L24)
N 52' 16' 30" W 14.14' TO A CALCULATED POINT (L25)
N 681 551 38" W 26.80" TO A CALCULATED POINT (L26)
         -48" W 31.92' TO A CALCULATED POINT (L32)
-58" E 22.91' TO A CALCULATED POINT (L28)
N 05' 19'
N 631 381 53" E 77.55" TO A CALCULATED POINT (L29)
N 76' 53' 38" E 14.00' TO A CALCULATED POINT (L30)
S 34" 29" 38" E 15.98" TO A CALCULATED POINT (L31)
S 06" 30' 26" W 54.28' TO A CALCULATED POINT (L32)
S 58' 35' 25" E 30.04' TO A CALCULATED POINT (L33)
N 55' 31' 11' E 35.03' TO A CALCULATED POINT (L34)
              E 35.03° TO A CALCULATED POINT (L34)
N 02' 06' 31" E 76.80' TO A CALCULATED POINT (L35
N 57" 57" 57" W 33.82" TO A CALCULATED POINT (L36)
N 02' 21' 27" W 58.74' TO A CALCULATED POINT (L37)
N 54" 18" 56" W 55.02" TO A CALCULATED POINT (L38)
S 691 21' 26" W 32.71' TO A CALCULATED POINT (L39)
S 251 091 121 W 30,381 TO A CALCULATED POINT (L40)
      34' 05" W 19.66' TO A CALCULATED POINT (L41)
      37 21 W 26.98 TO A CALCULATED PORT (L42)
5 89°
N 47" 19' 55" W 54.58' TO A CALCULATED POINT (L43)
N 261 401 397 W 24.531 TO A CALCULATED POINT (L44)
N 34° 55' 54" E 57.30' TO A CALCULATED POINT (L45)
N 611 26' 32" E 13.25' TO A CALCULATED POINT (L46)
         15" E 16.26" TO A CALCULATED POINT (L47)
53" E 33.02" TO A CALCULATED POINT (L48)
S 801 181 15"
N 12" 44' 44" E 54,88' TO A CALCULATED POINT (L49)
N 63' 12' 10" W 37.58' TO A CALCULATED POINT (LSC)
N 82' 00' 02" W 43.70' TO A CALCULATED POINT (LS1)
N 891 56' 58" W 59.73' TO A CALCULATED POINT (L52)
N 511 211 15" W 31.36" TO A CALCULATED POINT (L53)
         30° W 70.02° TO A CALCULATED POINT (LSÁ)
20° E 64.57° TO A CALCULATED POINT (LSS)
N 29' 06'
      1.3
N 37' 30' 10" W 64.95' TO A CALCULATED POINT (L56)
N 76' 32' 58" W #3.48' TO A CALCULATED POINT (L57)
N 43' 47' 58" W 67.33' TO A CALCULATED POINT (L58)
N 807 25' 25" W 33.97" TO A CALCULATED POINT (L59)
N 88' 26' 28" W 45.5% TO A CALCULATED FOINT (L60)
      55'12" W 22.14' TO A CALCULATED POINT (L61)
N 61' 01' 01' E 20.05' TO A CALCULATED POINT (L62)
N 48' 55' 01" E 14.59' TO A CALCULATED POINT (L63)
N 631 25' 31" W 30.25' TO A CALCULATED POINT (L64)
N 131 191 38" W 29.821 TO A CALCULATED POINT (L68)
N 24' 04' 03" E 40.06' TO A CALCULATED POINT (L66)
N 601 001 18" E 37.13" TO A CALCULATED POINT (L87)
      102102" W 29.791 TO A CALCULATED POINT (L68)
N 67" 59" 45" W 94.65" TO A CALCULATED POINT (LS9)
N 511 11 18" W 58.47' TO A CALCULATED FOINT (L70)
N 081 281 10" W 78.511 TO A CALCULATED POINT (L71)
N 34' 56' 43" W 41.39' TO A CALCULATED POINT (L72)
N 091 031 237 E 30.571 TO A CALCULATED POINT (L73)
          33
             'E 26.3%' TO A CALCULATED POINT (L74)
S 89" 56"
          02"
              E 27.09° TO A CALCULATED POINT (L75)
N 02" 17" 16" E 80.69" TO A CALCULATED POINT (L76)
N 37' 04' 28" W 29.33' TO A CALCULATED POINT (L77)
THENCE A LINE HAVING THE SAME SOUNDS AS THE PREVIOUS LINE THE
FOLLOWING SEARINGS AND DISTANCES:
N 60" 24" 34" E 167.76" TO 1/2" IRON REBAR FOUND
```

```
N 60' 26' 15" E 132,70' TO 1/2" IRON REBAR FOUND
```

THENCE BACK TO THE POINT OF BEGINNING TRACT CONTAINS 63.24 ACRES

Area Data

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, the Marshall and Swift Valuation Service, and the RS Means Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 63.24 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

Area Data

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Area Data

# **Identification of the Subject Property**

The Subject Property is located on the west side of the Conway Bypass and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 63.24 acres.

# **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found that the property was sold by Reach 9, LLC to Seabiscuit Holdings, LLC on December 23, 2015 for \$3,078,240. A copy of the deed is located in the addenda.

I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property intends to acquire its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. It is my opinion that the seller of the property lacked the expertise, the resources, and the willingness to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Myrtle Cove Resort, LLC

**Improvements** 

None

**Taxes** 

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

 Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed staining of soils: • Observed distressed vegetation: On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 63.24 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Myrtle West Resort

Document ID: ECOVEST-DOJ 0047202

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Myrtle West Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Myrtle West Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of November 3, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of November 3, 2016 is:

Unencumbered	Acres	FMV
Before Value	27.5	\$42,587,132

The value of the Subject Property, subject to a perpetual conservation easement as of November 3, 2016 is:

Encumbered	Acres	FMV
Total After Value – Land and Reserved Sites	27.5	\$349,250

The value of the easement gift as of November 3, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	27.5	\$42,587,132
Less		
Total After Value (Encumbered)	27.5	<u>\$349,250</u>
Value of the Easement	rounded	\$42,238,000

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. While these sites do maintain limited building rights, as defined by the easement, the limited access to the property, limits the value above that of the encumbered property. It should also be noted that these lots are not build ready and will require such things as access, lot clearing, and utility installation. Due to these facts, I do not feel that these sites warrant any additional value above that of the overall per acre value of the encumbered tract. No enhancement needed.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

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Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 842 of 1318 Excerpts from Myrtle West Resort Appraisal

# Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Backstage Blvd, west of US

Highway 501 and north of the Intracoastal Waterway in

Myrtle Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** November 3, 2016

**Date of Donation** November 3, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** RC (Resort Commercial)

Site: 27.5 Acres

**Easement:** 27.5 Acres

**Reserved:** One Residential Building Site and One Recreational

**Building Site** 

Total: 27.5 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

Said 27.43 acre parcel being more fully described as follows:

BEGINNING AT A ½" iron pipe, said pipe being on the southern right of way of Backstage Boulevard located 1,284.3 feet west of the right of way of Outlet Boulevard,

Thence with the with the property of Bluegreen Vacations Unlimited, Inc. and Harbour Lights Common Area, South 42°54'30" East for a distance of 811.00 feet to a 1/2" iron pipe;

Thence with the northern right of way of the Atlantic Intracoastal Waterway, South 47°04'47" West for a distance of 1,468.07 feet to a 1/2" iron pipe;

Thence with the property of Horry County a Body Politic for the next two (2) calls, (1) North 42°54'11" West for a distance of 741.38 feet to a 1/2" iron pipe;

Thence, (2) South 47°05'49" West for a distance of 50.00 feet to a1/2" iron pipe;

Thence with the property of Grand Strand Water and Sewer Authority for the next two (2) calls, (1) North 42°54'11" West for a distance of 50.00 feet to a 1/2" iron pipe;

Thence, (2) South 47°05'49" West for a distance of 50.00 feet to a 1/2" iron pipe;

Thence with the property of RR Development South I, LLC, North 42°53'51" West for a distance of 19.60 feet to a 1/2" iron pipe;

Thence with the southern right of way of Backstage Boulevard, North 47°04'48" East for a distance of 1,567.99 feet to a 1/2" iron pipe;

### the **POINT OF BEGINNING**.

**CONTAINING:** 1,195,038 square feet or 27.43 acres of land, more or less.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 27.5 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

# **Identification of the Subject Property**

The subject is located off Backstage Blvd., west of US Highway 501 and north of the Intracoastal Waterway in Myrtle Beach, Horry County, South Carolina. The site contains 27.5 acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

## Ownership

Myrtle West Resort, LLC

# **Improvements**

None

# **Taxes**

Owner Data:		2015 Parcel Values:	
TMS	1720005267	Residential Land	\$9.00
PIN	42600000018	Residential Improved Land	\$9.00
Legal Description	W/S HWY 501; PARCEL 1 :	Farm Land	\$1,710,000.00
Owner	MYRTLE WEST RESORT LLC	Farm Improved	\$0.00
Billing Street	9005 KINGS RD	Farm Use	\$1,350.00
Billing City	MYRTLE BEACH	Other Land	\$0.00
Billing State	SC.	Other Improved	\$9.00
Billing Zip	29572	Taxable Total	\$1,350.00
District	600 - SOCASTEE		
Book	3863	Market Values	
Page	2749	Residential Land	\$0.00
		Residential Building	\$0.00
		Farm Land	\$1,710,000.00
		Farm Building	\$0.00
		Other Land	\$0.00
		Other Building	\$0.00
		Total Market Value	\$1,710,000.00

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Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

# Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 27.5 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Neuse Harbor

Document ID: ECOVEST-DOJ\_0190386

# CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

February 1, 2019

Neuse Harbor LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal
Neuse Harbor, LLC
77.88 acre tract, New Bern, Craven County, North Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with Section 170(f)(11)(E)(i). My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

1

I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows:

Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement.

For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

# Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 77.88-acre conservation easement in Craven County, North Carolina. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Belinda Sward with Strategic Solutions in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 4, 2018, and Before the Subject Property is encumbered by the easement is as follows:

		T VIV
Fair Market Value of the Subject Before the Easement Fee Simple	77.88	\$36,550,683

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 4, 2018 is:

<b>Total Fair Market Value After the Easement Fee Simple</b>	77.88	\$233,640
	Acres	100

The encumbered property also includes four reserved residential building zones and one community building zone. In theory, if taken as separate components of the valuation, the building area and the remaining eased area that cannot be improved have different values. These sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided that these

properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

The Fair Market Value of the easement gift as of December 4, 2018 is as follows and is based upon the before and after method. The total Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$36,550,683. The total Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$233,640. Using the before and after method, the total Fair Market Value of the Conservation Easement is \$36,317,000 (rounded).

Fair Market Value of the Easement (rounded)		\$36,317,000
Total Fair Market Value After the Easement	77.88	\$233,640
Total Fair Market Value Before the Easement	77.88	\$36,550,683

Fair Market Value of the Conservation Easement on the effective date is:

### THIRTY-SIX MILLION THREE HUNDRED SEVENTEEN THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

NC License #A7692 G

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# Certification

# **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 21, 019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

NC License #A7692 G

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# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 862 of 1318 Excerpts from Neuse Harbor Appraisal

**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located off US Hwy 17 in New Bern, Craven

County, North Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

Function of the Appraisal: To estimate the fair market value of a conservation

easement.

**Date of the Appraisal Report:** February 1, 2019

**Date of Property Inspection:** January 21, 2019

**Date of Value Estimates:** December 4, 2018

**Date of Donation** December 4, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R-8 and C-3

**Site:** 77.88 Acres

**Easement:** 77.88 Acres

**Reserved:** Four residential building areas and one community building

area totaling 5 acres and remaining part of the easement

Total: 77.88 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with Five

Reserved Building Zones totaling 5 acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of North Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;

- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### Legal Descriptions and Maps

#### **EXHIBIT "A"**

# LEGAL DESCRIPTION OF OLD BEAR, LLC TRACT

000 No: 10030683 8k 3554 F9 1540

EDSIMMING AT A POINT IN THE EASTERN RIGHT OF WAY LINE OF U.S. RIGHWAY 17, \$410 COTHS BLING LOCKSTO SOUTH 20'51'14" WEST A DISTANCE OF 1,157.44' FROM MCGS MOMENT "RESORT" (CAIR COORDINATES M:497891.70, E:2995719.30 (BADS)(2001)). SALE FOLKT ALSO BEING THE TRUE POINT AND PLACE OF BEGINNING OF THE BEREIN DESCRIBED

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THEMES SOUTH 63723'18" CAST A DISTANCE OF 145.28' TO A POINT, THEMES SOUTH 66716'25" MEST A DISTANCE OF 250.12' TO A POINT, THEMES SOUTH 66717'19" EAST A DISTANCE OF 461.71' TO A POINT, THEMES SOUTH 66718'14" MEST A DISTANCE OF 481.51' TO A POINT, THEMES SOUTH 66718'14" MEST A DISTANCE OF 481.51' TO A POINT, THEMES SOUTH 22'09'129" EAST A DISTANCE OF 481.21' TO A POINT, THEMES SOUTH 32'15' 20" EAST A DISTANCE OF 481.21' TO A POINT, THEMES SOUTH 32'15' 20" EAST A DISTANCE OF 313.32' TO A POINT, THEMES SOUTH 62'01'10" MEST A DISTANCE OF 312.35' TO A POINT, THEMES SOUTH 62'41'10" MEST A DISTANCE OF 312.35' TO A POINT, THEMES SOUTH 62'41'10" MEST A DISTANCE OF 36.46' TO A POINT, THEMES SOUTH 62'41'10" MEST A DISTANCE OF 36.46' TO A POINT, THEMES SOUTH 62'41'10" MEST A DISTANCE OF 36.36' TO A POINT, THEMES SOUTH 63'71'12" MEST A DISTANCE OF 36.36' TO A POINT, THEMES SOUTH 63'71'12" MEST A DISTANCE OF 36.16' TO A POINT, THEMES SOUTH 63'71'12" MEST A DISTANCE OF 36.16' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'12" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'13" MEST A DISTANCE OF 38.55' TO A POINT, THEMES SOUTH 63'01'13" MEST A DISTANCE OF 38.56' TO A POINT, THEMES SOUTH 63'01'13" MEST A DISTANCE OF 38.56' TO A POINT, THEMES SOUTH 63'01'13" MEST A DISTANCE OF 38.66' TO A POINT, THEMES SOUTH 63'01'1
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#### EXHIBIT "A"

THENCE BORTH \$4'31'46" EAST A DISTANCE OF 10.79' TO A POINT;
THENCE SOCTH 17'22'37" EAST A DISTANCE OF 11.18' TO A FOINT;
THENCE SOCTH 35'35'46" EAST A DISTANCE OF 11.18' TO A FOINT;
THENCE SOCTH 35'35'46" EAST A DISTANCE OF 11.18' TO A FOINT;
THENCE SOCTH 35'35'10" NEST A DISTANCE OF 17.18' TO A POINT;
THENCE SOCTH 35'33'01" NEST A DISTANCE OF 164.81' TO A POINT;
THENCE SOCTH 35'33'01" NEST A DISTANCE OF 164.81' TO A POINT;
THENCE NORTH 67'32'15" WEST A DISTANCE OF 11.48' TO A POINT;
THENCE NORTH 18'57'14" WEST A DISTANCE OF 11.88' TO A POINT;
THENCE NORTH 18'57'14" WEST A DISTANCE OF 17.83' TO A POINT;
THENCE NORTH 18'57'14" WEST A DISTANCE OF 15.30' TO A POINT;
THENCE NORTH 18'59'15" WEST A DISTANCE OF 15.10' TO A POINT;
THENCE NORTH 18'59'15" WEST A DISTANCE OF 15.10' TO A POINT;
THENCE NORTH 20'39'39" WEST A DISTANCE OF 15.10' TO A POINT;
THENCE NORTH 34'39" WEST A DISTANCE OF 12.30' TO A POINT;
THENCE NORTH 34'39" WEST A DISTANCE OF 12.30' TO A POINT;
THENCE NORTH 34'30" WEST A DISTANCE OF 12.30' TO A POINT;
THENCE NORTH 34'30" WEST A DISTANCE OF 12.30' TO A POINT;
THENCE NORTH 34'02'26" WEST A DISTANCE OF 242.90' TO A POINT;
THENCE NORTH 34'02'26" WEST A DISTANCE OF 242.90' TO A POINT;
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THENCE NORTH 34'02'26" WEST A DISTANCE OF 242.90' TO A POINT;
THENCE NORTH 34'02'26" WEST A DISTANCE OF 242.90' TO A POINT;
THENCE NORTH 34'02'26" WEST A DISTANCE OF 242.90' TO A POINT;
THENCE NORTH 34'02'26" WEST



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The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 869 of 1318 Excerpts from Neuse Harbor Appraisal

on creditable sources such as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The report is divided into three sections.

Section I of the report, which deals with the unencumbered fee estate.

Section II of the report, which deals with the encumbered fee estate.

Section III of the report, which deals with reconciliation.

Sales were drawn from the area.

Highest and Best Use of the 77.88-acre portion of the Subject Property is substantially limited once encumbered by easement. Development is now perpetually prohibited, except in designated building zones.

Competency Provision

Based on my experience in appraising similar properties, I have the required data and experience to complete this appraisal in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I completed the Valuation of Conservation Easements Certificate Program.

I have prepared many conservation easement appraisals over the last twenty years.

Specific education relative to the assignment are:

The Income Approach, The Cost Approach, Highest and Best Use, Market Approach Appraisal of Conservation Easements, Appraisal of Land

Intended User

The term "intended user" is defined by USPAP as: "The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or consulting report, by the appraiser based on communication with the client at the time of the assignment".

This appraisal has been prepared for Neuse Harbor, LLC, The IRS, and the client's tax advisors.

Intended Use

# **Identification of the Subject Property**

The subject is located off US Hwy 17 in New Bern, Craven County, North Carolina.

### **Prior Sales History**

There have been no qualified sales or transfers of the subject property within the last three years. The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Neuse Harbor, LLC

**Improvements** 

None

**Taxes** 

Introduction

• The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 77.88 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: New River Preserve

Document ID: ECOVEST-DOJ 0123857

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 26, 2014

Jack Sawyer Alston & Bird, LLP 1201 West Peachtree Street NW, #4200 Atlanta, GA 30309 Jack.sawyer@alston.com

RE: Conservation Easement Appraisal

New River Preserve (471 acre tract), Hilton Head Lakes, Hwy 278, Jasper County, SC

Dear Mr. Sawyer:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 26, 2014, and before the Subject Property is encumbered by the easement is as follows:

Unencumbered	Acres	FMV
Before Value	471	\$39,335,296

The value of the Subject Property, subject to a perpetual conservation easement as of December 26, 2014 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Zone	471	\$1,221,000	

The value of the easement gift as of December 26, 2014 is as follows and is based upon the before and after value method. In determining the market nature of a conservation easement, the before and after method is a recognized technique.

	Acres	FMV	
Before Value (Unencumbered)	471	\$39,335,296	
Less Total After Value (Encumbered)	471	\$1,221,000	
Value of the Easement	rounded	\$38,114,000	

The Subject Property has six reserved building sites, one lodge and five home sites, within a 22+- acre-building zone. This zone remains part of the eased property and, therefore is subject to the rules and restrictions of the easement; however, since these six sites within this zone do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 877 of 1318 Excerpts from New River Preserve Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located on the north side of U.S. 278,

approximately three miles east of Interstate 95 outside of

Hardeeville, Jasper County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 26, 2014

**Date of Value Estimates:** December 26, 2014

**Date of Donation** December 26, 2014

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** EDD, Economic Development District

**Site:** 471 +- Acres

**Easement:** 471 +- Acres

**Reserved:** Building Zone with One Lodge Site and Five Home Sites

**Total:** 471 +- Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

New River Preserve, LLC Legal Description

ALL that certain piece, parcel or tract of land, situate, lying and being in the City of Hardeeville, Jasper County, South Carolina, shown and designated as containing 471.48 acres, more or less, on that certain plat entitled "A Plat of New River Preserve, Garden Boulevard, Hilton Head Lakes North, A Portion of TMS 042-00-06-042, City of Hardeeville, Jasper County, South Carolina" dated May 23, 2014, prepared by Cook Land Surveying, certified by Donald R. Cook, Jr., P.L.S. (SC No. 19010), and recorded in the Office of the Register of Deeds for Jasper County, South Carolina ("Jasper County Records") in Plat Volume \_\_\_\_\_ at Page \_\_\_\_\_. For a more detailed description as to the metes and bounds, courses and distances, reference is had to the aforementioned recorded plat.

TM: A portion of 042-00-06-042

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 471 +- acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

# **Identification of the Subject Property**

The Subject Property is located on the north side of U.S. Route 278, approximately three miles east of Interstate 95 in Hardeeville, Jasper County, South Carolina. The site contains 471+-acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### **Ownership**

New River Preserve, LLC

# **Improvements**

None

#### Taxes

Individual lots were assessed at an average price of \$600. It was derived after an analysis of bulk lot assessments.

Site Data

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 471+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: North Bay Cove

Document ID: ECOVEST-DOJ 0065163

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

North Bay Cove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

North Bay Cove, LLC

28.04 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust172, 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 20, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 20, 2016 is:

Unencumbered	Acres	FMV	
Before Value	28.04	\$46,172,176	

The value of the Subject Property, subject to a perpetual conservation easement as of December 20, 2016 is:

99999999	Encumbered	Acres	FMV	
	Total After Value – Land and Reserved Sites	28.04	\$194,864	

The value of the easement gift as of December 20, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	28.04	\$46,172,176
Less		
Total After Value (Encumbered)	28.04	<u>\$194,864</u>
Value of the Easement	rounded	\$45,977,000

The encumbered property also includes one (1) reserved building for either one residence or one resort. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that the lot is not a build ready lot and will incur some development costs to make it so. The site will be constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee

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organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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# Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.

lwlr

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 897 of 1318 Excerpts from North Bay Cove Appraisal

### **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located off Bourne Trail, south of Carolina

Bays Pkwy and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 20, 2016

**Date of Donation** December 20, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R-4I (Inland Multi-Family Residential)

**Site:** 28.04 Acres

Easement: 28.04 Acres

**Reserved:** One Residential Building Site

Total: 28.04 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;

  b. The applying performed to develop the estimate of value is based on a hypothesis, execitively.
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

ALL THAT CERTAIN PARCEL AS SHOWN ON A PLAT ENTITLED "BOUNDARY ADJUSTMENT/SUBDIVISION PLAT OF WARD SUBDIVISION TRACTS 1 & 2 FOR WATERWAY-RUST, LLC" DATED SEPTEMBER 2, 2015, REVISED SEPTEMBER 9, 2015 BY THE BRIGMAN COMPANY AND RECORDED SEPTEMBER 17, 2015 IN THE HORRY COUNTY REGISTER OF DEEDS OFFICE IN PLAT BOOK 267, PAGE 265.

BEGINNING AT A POINT ON THE NORTH EASTERN CORNER OF SAID PARCEL, POINT BEING MARKED BY A 5/8" IRON PIPE AND HAVING SOUTH CAROLINA STATE PLANE COORDINATES OF N-734,600.62 AND E-2,694,333.76. THENCE A LINE BORDERED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY PALMETTO MAIN STREET PARTNERS THE FOLLOWING BEARING S AND DISTANCES:

S 64° 02' 24" W 424.55 TO A 3/4" IRON PIPE

S 63° 54' 45" W 151.55' TO A 2" IRON PIPE

S 65° 49' 01" W 67.26 TO A 1/2" IRON PIPE FOUND

S 65° 53' 06" W 7.00' TO A 1/2" IRON PIPE

THENCE A LINE BORDERED TO THE WEST BY THE REMAINDER OF THE WARD TRACT OWNED NOW OR FORMERLY BY WATERWAY-RUST, LLC, THE FOLLOWING BEARING AND DISTANCE:

S 25° 10' 39" E 2042.40' TO A CALCULATED POINT

THENCE A LINE BORDERED TO THE SOUTH BY THE ATLANTIC INTRACOASTAL WATERWAY THE FOLLOWING BEARINGS AND DISTANCES:

N 59° 49' 19" E 29.41' TO A CALCULATED POINT

N 56° 32' 13" E 169.00' TO A CALCULATED POINT

N 56° 32' 13" E 387.00' TO A CALCULATED POINT

THENCE A LINE BORDERED ON THE EAST BY LANDS NOW OR FORMERLY OWNED BY PELICAN BAY SUBDIVISION THE FOLLOWING BEARINGS AND DISTANCES:

N 23° 28' 57" W 388.78' TO A 1/2" IRON PIPE FOUND

N 26° 41' 48" W 108.99' TO A 1/2" IRON REBAR FOUND

N 23° 12' 33" W 171.23' TO A 1/2" IRON REBAR FOUND

N 23° 06' 00" W 124.99' TO A 1/2" IRON REBAR FOUND

N 22° 39' 19" W 125.05' TO A 1/2" IRON REBAR FOUND

N 22° 35' 53" W 125.20 TO A 1/2" IRON REBAR FOUND

N 22° 39' 25" W 923.91' BACK TO A 5/8" IRON REBAR FOUND

AND POINT OF BEGINING. TRACT CONTAINS 28.04 ACRES.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 28.04 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

# **Identification of the Subject Property**

The subject is located off Bourne Trail, south of Carolina Bays Pkwy and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 28.04 acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# **Ownership**

North Bay Cove, LLC

# **Improvements**

None

Taxes

Site Data

## Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 28.04 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Ocean Grove Resort

Document ID: ECOVEST-DOJ 0051546

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Ocean Grove Resort, LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal
Ocean Grove Resort, LLC
225.5 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of November 21, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of November 21, 2016 is:

	Unencumbered	Acres	FMV	
	Before Value	225.5	\$01,000,810 J	
-				<b>.</b>

The value of the Subject Property, subject to a perpetual conservation easement as of November 21, 2016 is:



The value of the easement gift as of November 21, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	225.5	\$81,553,913
Less		
Total After Value (Encumbered)	225.5	<u>\$960,800</u>
Value of the Easement	rounded	\$80,593,000

The encumbered property also includes one (1) reserved recreational building site and up to three (3) reserved residential building sites or up to three (3) reserved resort building sites, for a total of four (4) reserved sites. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, require an additional value over that of the per acre value of the encumbered property. It should be noted that these lots are not build ready lots and will incur some development costs to make them so. All of these sites will constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the

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donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

SC License #AB 6768 CG

State Certified General Real Property Appraiser

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# Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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# **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located on Water Tower Road and Coates

Road, north of Highway 31 and the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** November 21, 2016

**Date of Donation** November 21, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R2A Resort Residential

**Site:** 225.5 Acres

**Easement:** 225.5 Acres

**Reserved:** Four (4) reserved building sites; 1 recreational, and up to 3

residential or up to 3 resort

Total: 225.5 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

## Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

# Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

# Legal Description - Ocean Grove Resort

All and singular that certain piece, parcel or tract of land lying and situate in the City of North Myrtle Beach, Horry County, South Carolina and being referenced a plat entitled "Map of 225.50 ± Total Acres - Boundary, Subdivision & Combination Plat" prepared for Ocean Grove Resort, LLC by DDC Engineers, Inc. dated May 13, 2016 and being more particularly described as follows:

Beginning at a 1/2" iron pipe being the southeast intersection of Water Tower Road and Long Bay Road; thence with the eastern right-of-way of Water Tower Road the following metes and bounds; N 30°59'46" E, 1471.60' to a 1/2" iron pipe; thence N 30°56'17" E, 90.39' to a 1/2" iron pipe; thence N 30°52'31" E, 168.88' to a 1/2" rebar; thence along a curve to the left having an arc length of 223.80', a radius of 918.45' and a chord of N 24°20'41" E, 223.25' to a 1/2" iron pipe being the common corner between SLF IV / SBI Sandridge, LLC and Shirley B. Quick, et al; thence with said parties common line; N 86°23'55" E, 418.13' to a concrete monument found being the common corner between SLF IV / SBI Sandridge, LLC, Shirley B. Quick, et al and R. L. Bell, Inc.; thence with the common line between SLF IV / SBI Sandridge, LLC, R. L. Bell, Inc. and Kenneth Jelis; S 28°41'52" W, 317.52' to a 1/2" iron pipe located on the northern right-of-way of Coates Road being the common corner between SLF IV / SBI Sandridge, LLC and Kenneth Jelis; thence running across Coates Road; S 27°52'52" W, 58.96' to a concrete monument found; thence S 03°00'16" E, 15.40' to a 1/2" iron pipe located on the southern right-of-way of Coates Road; thence with the southern right-of-way of Coates Road; N 77°47'57" E, 2431.10' to a 1/2" rebar being the common corner between SLF IV / SBI Sandridge, LLC & John Emory Coates; thence with said parties common line the following metes and bounds; S 26°53'17" E, 394.01' to a 1/2" iron pipe; thence N 60°58'59" E, 278.55' to a 1/2" rebar; thence N 02°31'52" E, 701.11' to a 1/2" iron pipe; thence N 19°10'55" E, 361.23' to a 1/2" iron pipe; thence S 62°28'44" E, 558.25' to a 1/2" rebar; thence N 23°29'03" E, 243.38' to a 1/2" rebar being the common corner between SLF IV / SBI Sandridge, LLC, John Emory Coates and Joseph L. Coates; thence with the common line between SLF IV / SBI Sandridge, LLC and Joseph L. Coates; N 23°29'03" E, 165.23' to a 1/2" rebar being the common corner between SLF IV / SBI Sandridge, LLC, Joseph L. Coates, Richard E. Bell and Margaret Thompson; thence with the common line between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson; S 72°14'36" E, 562.92' to a 1/2" rebar; thence with the common line of SLF IV / SBI Sandridge, LLC; S 20°37'12" W, 4518.41' to a 1/2" rebar being the common corner between SLF IV / SBI Sandridge, LLC, Grand Strand Water & Sewer Authority and Azalea Bay Resort, LLC; thence with the common line between SLF IV / SBI Sandridge, LLC and Azalea Bay Resort, LLC, the following metes and bounds; N 16°23'51" W, 1625.79' to a 1/2" rebar; thence S 73°27'27" W, 2011.41' to a 1/2" rebar; thence N 25°00'14" W, 449.97' to a 1/2" rebar; thence S 74°48'50" W, 900.15' to a 1/2" rebar located on the eastern right-of-way of Long Bay Road; thence with the right-of-way of Long Bay Road along a curve to the left, having an arc length of 97.51' a radius of 350.00' and a chord of N 31°22'44"W, 97.19 to a 1/2" rebar; thence N 39°20'42" W, 433.44' to the Point of Beginning and having an area of 225.50 acres, more or less.

This property is bounded on the north by Shirley B. Quick, Coates Road, John Emory Coates, Richard E. Bell and Margaret Thompson, on the east by SLF IV / SBI Sandridge, LLC, Kenneth Jelis and Coates Road, on the south by Grand Strand Water & Sewer Authority and Azalea Bay Resort, LLC and on the west by Long Bay Road, Water Tower Road, John Emory Coates and Joseph L. Coates.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, as well as national valuation services, such as RS Means and Marshall and Swift. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 225.5 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

# **Identification of the Subject Property**

The subject is located on Water Tower Road and Coates Road, north of Highway 31 and the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 225.5 acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

Ocean Grove Resort, LLC

# **Improvements**

None

# **Taxes**

Tax Information		
Name		SEF IV/S8: SANDRIDGE EU
Address:		2002 OAK STREET STE 200 MYRTLE BEACH SC 29577 319
Tax Year:		20:
District/Levy:		550 / 185.
City/Levy:		NW / 039.
Total Appraisal:		58,04
Total Assessed:		4,03
Assessment Ratio: 6%	Land Appraisal: 68,043	Building Appraisat 0
Property Informatio	n	
Record Type:		Rea: Escat
Map Number:		129-00-07-10
PIN:		348-97-82-900
Acres		3.4
Description:		WATER TOWER & COATES R
Taxes		
County Tax:		\$756.8
City Tax:		\$160.3
Fees:		\$9.0
Residential Exemption:		\$0.0
Homestead Exemption:		\$0.0
Other Exemptions:		\$0.0
Local Option Credit:		\$0.0
Total Taxes:		\$917.3
Total Paid: \$917.18		

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Site Data

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 225.5 acres.

Observed staining of soils:Observed distressed vegetation:

Observed noticeable odors:

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Piney Cumberland

Document ID: ECOVEST-DOJ 0233863

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 924 of 1318 Excerpts from Piney Cumberland Appraisal

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

March 18, 2013

Peter Hardin Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Piney Cumberland
Van Buren County, Tennessee
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

## Dear Mr. Hardin:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

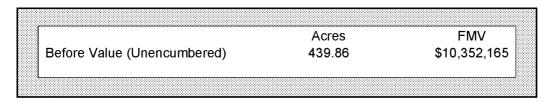
The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

Foothills Land Conservancy 373 Ellis Avenue Maryville, TN 37804

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 925 of 1318 Excerpts from Piney Cumberland Appraisal

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 26, 2012, and before the subject property is encumbered by the easement is as follows:



The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 26, 2012 is:

After Value (Encumbered)	Acres 439.86	Value/Acre \$500	FMV \$219,930	
Titor value (Elisamissica)	100:00	4000	<b>V</b> 210,000	]

The subject property has one (1) reserved site. The lot may not be severed from the master tract, nor may the master tract be divided. Based upon the review of other easements, the value of this site does not warrant a value over and above the price per acre. There is no enhancement.

The value of the easement gift as of December 26, 2012 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	439.86		\$10,352,165
Less			
After Value (Encumbered)	439.86	\$500	<u>\$219,930</u>
Value of the Easement		rounded	\$10,132,000

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I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

The after valuation is made under the assumption that the easement has been granted. It has not been granted.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

VwV\_II

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Brockdale Road near Spencer in

Van Buren, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** March 18, 2013

**Date of Value Estimates:** December 26, 2012

**Date of Donation** December 26, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 439.86 Acres

**Easement:** 439.86 Acres

**Reserved:** 1 reserved site (2.30 acres); may not be severed

**Total:** 439.86 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use Before: Residential Development of Site as Though Vacant: After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

## Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

Lying and being in the Fourth (4th) Civil District of Van Buren County, Tennessee, and being more particularly described as follows:

The following is a description of a portion of the Piney Cumberland Resources property located off of the Park Road and Brockdale Road in the 4th Civil District of Van Buren County, Tennessee (Reference RB56 Page 45 and Tax Map 75 Parcel 18.00)

Beginning on a coal car rail being the northeastern corner of this described parcel as well as being in the western boundary line of the Long Branch Lakes property; thence going with the said Long Branch Lake property S 04°21'32" W 850.51 feet to a stone; thence leaving the Long Branch property and going with the Calvin Haggard property S 05°36'33" W 2095.52 feet to a stone; thence leaving Haggard and going with the Eddie Oaks property S 05°19'51" W 1285.18 feet to a coal car rail; thence leaving Oaks and going with the Lester Allison property S 39°56'57" E 112.44 feet to a point in the center of a creek (location of the creek was generated from a USGS topographic map and has not been field verified); thence leaving Allison and generally following the meanders of the said creek N 86°08'16" W 114.94 feet; thence S 70°54'23" W 177.44 feet; thence S 52°15'12" W 126.42 feet; thence S 77°46'30" W 197.97 feet; thence N 87°42'34" W 80.68 feet; thence N 69°04'32" W 117.38 feet; thence N 67°22'48" W 125.76 feet; thence S 87°23'51" W 71.01 feet; thence S 47°17'26" W 57.05 feet; thence S 20°13'29" W 65.29 feet; thence S 48°21'59" W 116.49 feet; thence N 88°56'21" W 174.16 feet; thence S 75°57'50" W 93.07 feet; thence S 76°14'21" W 162.67 feet; thence S 36°31'44" W 108.35 feet; thence S 07°18'21" W 126.79 feet; thence S 01°47'28" W 141.38 feet to a point in the creek; thence leaving the creek and going with the Kenneth Wood property N 86°37'37" W 1654.77 feet to a set stone; thence N 83°09'28" W 2139.50 feet to a ½" pipe (found); thence continuing with Wood and Gary Hall N 05°42'24" E 455.35 feet to a coal car rail; thence leaving Wood and Hall and going with the Paul Taylor property N 05°55'13" E 1360.13 feet to a 20" red oak; thence leaving Taylor and going with the Alan and Jeff Pettit property S 85°18'57" E 2106.52 feet to a set stone; thence continuing with the same N 04°48'26" E 3234.99 feet to a coal car rail; thence leaving Pettit and going with the Allen Nichols property S 84°48'42" E 1068.57 feet to a 4" wood fence post; thence leaving Nichols and going with the Billy Helton property S 86°47'47" E 936.81 feet to a 1/2" pipe (found); thence leaving Helton and going with the Calvin Haggard property S 85°23'51" E 1152.95 feet to the beginning being 439.86 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 23 September 2011.

BEING a part of the same property conveyed to the Grantor herein by deed of record in Book RB 63, Page 837 in the Register of Deeds Office for Van Buren County, Tennessee.

FOR FURTHER REFERENCE, see deed of record in Book RB 56, Page 45 in the Register of Deeds Office for Van Buren County, Tennessee.

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Introduction

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises Step 4. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

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Introduction

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

#### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These type of properties are best evaluated using a DCF method. The specific state park information will follow in the DCF explanation later in the report.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of significance is proximity to other recreational features such as national and state forests and parks. This property is very close to Fall Creek Falls State Park and Bledsoe State Forest.

Introduction

## **Identification of the Subject Property**

The subject property consists of one parcel located of Brockdale Road near Spencer in Van Buren County, Tennessee. The site contains 439.86+- acres.

## **Prior Sales History**

The Subject is not listed for sale. The following is a detailed description of the sales history of the Subject Property for the last three years, a copy of the deeds are located in the addenda:

Southeastern Timberland Group, LLC, sold the tract, (containing both the Piney Cumberland tract and the Meadow Creek tract), by deed dated March 18, 2010, to Piney Cumberland Resources, LLC, under deed of record at Book RB56, page 45, Register's Office, Van Buren County, Tennessee, as subsequently restated by instrument dated November 30, 2011, of record at Book RB63, page 837.

Piney Cumberland, LLC, severed the tract with a conveyance to Meadow Creek Investments, LLC, by deed dated December 29, 2011, of record at Book RB 64, page 296.

## **Ownership**

Piney Cumberland Resources, LLC

## **Improvements**

None

### Taxes

The following county tax assessment is of the Subject Property prior to the tract being conveyed to Meadow Creek Investments, LLC.

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Site Data

On-Site: No; Adjacent: No
 Observed staining of soils:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No
 Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

### Conclusion:

The subject property consists of approximately 439.86 +- acres, of which approximately 439.86 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Port Quay Resort

Document ID: ECOVEST-DOJ 0149896

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Port Quay Resort LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Port Quay Resort, LLC

389.11 acre tract, Aransas County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of November 30, 2017, and before the Subject Property is encumbered by the easement is as follows:

Unencumbered	Acres	FMV	
Total Before Value	389.11	\$57,588,088	

The value of the Subject Property, subject to a perpetual conservation easement as of November 30, 2017 is:

Encumbered	Acres	FMV	
Total After Value	389.11	\$968,320	
Total After Value			
		,	

The value of the easement gift as of November 30, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Total Before Value (Unencumbered)	389.11	\$57,588,088
Less		
Total After Value (Encumbered)	389.11	<u>\$968,320</u>
Value of the Easement	rounded	\$56,620,000

The encumbered property also includes one (1) reserved building zone that allows for three (3) one-acre building areas. These three sites allow for one residence each and one additional residence each that can be no more than ½ the size of the main residence, basically a mother-in-

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law cottage. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights and eased site does retain some limited subdivision rights, as defined by the easement; therefore, I feel these sites require an additional value over that of the per acre value of the encumbered property. It should be noted that these areas are not build ready and will incur some development costs to make them so. I have decided to value these building areas at \$5,000 per acre, or \$15,000. This value will be added to the indicated fair market value of the encumbered property. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TX License #TX 1380003 State Certified General Real Property Appraiser

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## Hurricane Harvey Comments

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of the storm on the prospective projects.

# **CLARK ~ DAVIS, P.C.**REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

September 8, 2017

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- \* Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Port Quay Resort will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

## RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 29, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Port Quay, Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development of Port Quay include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Rockport, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019, and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue.

Sincerely,

Ralph S. Bowden

Ralph S Bowden

President

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications
  (background, experience, education and membership in professional associations), I am qualified to make appraisals of real
  property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 4155 State Certified General Real Property Appraiser

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## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Port Bay Road and Highway

1069, west of the town of Rockport in Aransas County,

Texas.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Property Inspection:** June 13, 2017

**Date of Value Estimates:** November 30, 2017

**Date of Donation:** November 30, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 389.11 Acres

Easement: 389.11 Acres

**Reserved:** 3 Acre Building Zone located within the easement

**Total:** 389.11 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with a 3-acre

**Building Zone** 

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis. PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement, or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

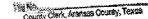
### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

EXHIBIT "A"

0000358059



389.11 ACRES

THE STATE OF TEXAS)
THE COUNTY OF ARANSAS)

BEING a 389.11 acre tract of land situated in a portion of the William S. Tuten Survey, Abstract No. 202 and a portion of the John Smith Survey, Abstract No. 187, Aransas County, Texas, out of and part of the C.S. Lucas Ranch Subdivision according to the established map or plas thereof as recorded in Volume 2, Page 7 of the Map Records, Aransas County, Texas, and being a portion out of a called 1107.51 acre tract of land described by General Warranty Deed dated March 23, 2007, conveyed from Tidwell Coastal Ranch, tdd. to Waterfrost Land Investments Fund 1, E.P. as recorded in instrument No. 290234 of the Dificial Public Records, Aransas County, Texas, said 389.11 acre tract being particularly described by metes and bounds as follows:

BEGINNING at a found 5/8" steel rebar marking the intersection of the northwest line of Farm-to-Market No. 1069 (a Variable Width Right-of-Way ~ 80 foot minimum) and the southwest line of Port Bay Club Road (a 60-foot Right-of-Way) and being the called northeast corner of the aforesaid 1107.81 acre tract for the east corner of the herein described tract;

THENCE, along the northwest right-of-way line of said Farm-to-Market No. 1069, with the southeast fixe of said 1107.81 acre tract, the following courses and distances:

- South 26"08"49" West, a distance of 1572.85 feet to a found 5/8" steel rebar marking an angrepoint for the herein described tract;
- South 26"01"14" West, a distance of 349.75 feet to a found 5/8" steel rebar marking an angle point for the herein described tract;
- South 29°26'05" West, a distance of 38.96 feet to a found 5/8" steel rebar marking an angle point for the herein described tract;
- South 29"41"58" West, a distance of 359.27 feet to a found 5/8" steel rebair marking an angle point for the herein described tract;
- South 29°59'20° West, a distance of 620.70 feet to a set 5/8° steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the northwest right-of-way line of said Farm-to-Market No. 1069 and the southeast line of said 1107.81 acre tract for the south corner of the herein described tract;

**THENCE.** North 60°00'18" West, over and across said 1107.81 acre tract, at a distance of 5583.39 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SUBVEYING, INC." for reference and continuing for a total distance of 5883.39 feet to a corner point marking the west corner of the herein described tract;

**THENCE**, along the bank of Puerto Bay, with the northwest line of salo 1207.81 acre tract, the following courses and distances:

- North 28°32'56" East, a distance of 159.63 feet to an angle point for the herein described tract;
- North 14"48"31" East, a distance of 282.13 feet to an angle point for the herein described tract;

;

EXHIBIT "A"

Sile No. County Cliery, Arenses County, Texas

- South 76"02'24" East, a distance of 220.96 feet to an angle point for the herein described tract;
- North 33°41°32° East, a distance of 416.77 feet to an angle point for the herein described tract;
- North 15"32"37" East, a distance of 264.23 feet to an angle point for the herein described tract;
- North 24°44°06" East, a distance of 235.32 feet to an angle point for the herein described tract;
- North 27°52'57" 8ast, a distance of 206.26 feet to an angle point for the herein described tract;
- North 68°10'35" East, a distance of 575.49 feet to an angle point for the herein described trect;
- North 23"14"31" East, a distance of 380.44 feet to an angle point for the herein described tract;
- North \$7"29"51" West, a distance of 283.27 feet to an angle point for the herein described tract;
- North 48"20"51" West, a distance of 275.34 feet to an angle point for the herein described tract;
- North 79°24'35° West, a distance of 233.99 feet to an angle point for the herein described tract;
- North 51"29"52" West, a distance of 140.11 feet to a found 5/8" steel rebar marking the called northwest corner of said 1107.81 acre tract and being along the southwest right-of-way line of said Port Bay Club Road for the north corner of the herein described tract;

THENCE, along the southwest right of way line of said Port Bay Club Road, with the northeast line of said 1107.81 acre tract, the following courses and distances:

- North 73°30'48" East, a distance of 310.64 feet to a set 5/8" steel rebar marking an angle point for the herein described tract;
- South \$7"01"53" East, a distance of 152.13 feet to a found \$/8" steel rebar marking an angle point for the herein described tract;
- South 86°50'02" Fast, a distance of 91.49 feet to a found 5/8" steel rebar marking an angle point for the berein described tract;
- South 79°12'57° East, a distance of 46.34 feet to a found 5/8° steel rebar marking an angle point for the horses described tract;
- South 73°16'24" East, a distance of 243.77 feet to a found S/8" steel rebar marking an angle point for the herein described tract;
- South 58"49"55" East, a distance of 103.82 feet to a found 5/8" steel rebar marking an angle point for the herein described tract;
- South 58"27'21" East, a distance of 1970.03 feet to a found 5/8" steel rebar marking an angle point for the herein described tract;

3

EXHIBIT "A"



- South 58"24'41" East, a distance of 2549.30 feet to a found 5/8" steel rebar marking an angle point for the herein described tract;
- South 52°08'54" Fast, a distance of 1261.79 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 389.11 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in June, 2017 and are true and correct to the best of my knowledge and belief

07/06/2017

Urban Surveying, inc. By: Michael K. Williams Registered Professional Land Surveyor

\$22090.00 - Tract 3: 389.11 Acres

Texas No. 6616

Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 389.11 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction

Area Data

Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales

Area Data

## **Identification of the Subject Property**

The subject is located off Port Bay Road and Highway 1069, west of the town of Rockport in Aransas County, Texas. The site contains 389.11 acres.

## **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Port Quay Resort, LLC

### **Improvements**

None

Taxes

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 962 of 1318 Excerpts from Port Quay Appraisal

Site Data

On-Site: No; Adjacent: No
 Observed staining of soils:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 389.11 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Punta Vista Grande

Document ID: ECOVEST-DOJ\_0176521

## CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

February 1, 2019

Punta Vista Grande LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal
Punta Vista Grande, LLC
147.17 acre tract, Jasper County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with Section 170(f)(11)(E)(i). My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

1

I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows:

Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement.

For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

## Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

## "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii).

In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 127.17-acre conservation easement in Jasper County, South Carolina. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 5, 2018, and Before the Subject Property is encumbered by the easement is as follows:

	Acres	19818
Fair Market Value of the Subject Before the Easement Fee Simple	127.17	\$39,820,053
Fair Market Value of the Outparcel	20	\$6,262,492
Total Fair Market Value Before the Easement Fee Simple	147.17	\$46,082,545

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 5, 2018 is:

	Acto	11.51
Fair Market Value of the Subject After the Easement Fee Simple	127.17	\$190,755
Fair Market Value of the Outparcel	20	\$6,262,492
Total Fair Market Value After the Easement Fee Simple	147.17	\$6,453,247

The encumbered property also includes one reserved residential building zone that allows for the construction of one recreational building and either one residence or one resort building, but not both. In theory, if taken as separate components of the valuation, the building area and the

remaining eased area that cannot be improved have different values. This site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided that these properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of these tracts will be included in that of the complete tract. They are not valued as separate components. There is no enhancement.

In addition to the encumbered property, there is a 20-acre outparcel that shares the same ownership as the larger tract. This outparcel currently has no density associated with it. However, I believe that once the easement is placed and its density is removed, someone could apply with City of Hardeeville or Jasper County, for density to be applied to this outparcel. It is reasonable and probable that such a change will occur in the future. A conservative approach to the valuation of this outparcel is to find a per acre value of the developed tract before the easement is placed and apply that per acre value to this outparcel. I do not feel that any enhancement to this outparcel is necessary as this tract will most likely be developed in some sort of commercial capacity. The determined value of this outparcel is \$6,262,492, which will be added to both the Before and After value of the larger tract.

The Fair Market Value of the easement gift as of December 5, 2018 is as follows and is based upon the before and after method. The total Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$46,082,545. The total Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$6,453,247. Using the before and after method, the total Fair Market Value of the Conservation Easement is \$39,629,000 (rounded).

Fair Market Value of the Easement (rounded)	147.17	\$39,629,000
Total Fair Market Value After the Easement	147.17	\$6,453,247
Total Fair Market Value Before the Easement	147.17	\$46,082,545
		10.0

Fair Market Value of the Conservation Easement on the effective date is:

### THIRTY-NINE MILLION SIX HUNDRED TWENTY-NINE THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

SC License #AB 6768 CG

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 970 of 1318 Excerpts from Punta Vista Grande Appraisal

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## Certification

## **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 21, 019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

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State Certified General Real Property Appraiser

SC License #AB 6768 CG

**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located off SC Highway 141 in Jasper

County, South Carolina, approximately 10 miles from

Interstate 95.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

fair market value of the conservation easement.

Function of the Appraisal: To estimate the fair market value of a conservation

easement.

**Date of the Appraisal Report:** February 1, 2019

**Date of Property Inspection:** January 21, 2019

**Date of Value Estimates:** December 5, 2018

**Date of Donation** December 5, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PDD, Planned Development District

**Site:** 147.17 Acres

**Easement:** 127.17 Acres

**Reserved:** One 5-acre Reserved Building Zone located within the

easement

**Excluded:** 20 Acre Outparcel

**Total:** 147.17 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with a 5-acre

Building Zone and 20-acre excluded tract

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;

- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

## The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

**Legal Descriptions and Maps** 

#### PROPERTY DESCRIPTION - SOUTHWEST TRACTS B-1 & B-2

ALL THOSE CERTAIN PIECES, PARCELS OR TRACTS OF LAND, SITUATE, LYING AND BEING IN THE CITY OF HARDEVILLE, JASPER COUNTY, SOUTH CAROLINA, SHOWN AND DESCRIBED AS "SOUTHWEST TRACT B-1", CONTAINING 127.172 ACRES, MORE OR LESS, AND "SOUTHWEST TRACT B-2", CONTAINING 20.000 ACRES, MORE OR LESS, ON THAT CERTAIN PLAT DATED OCTOBER 20, 2017, ENTITLED "SUBDIVISION PLAT SOUTHWEST TRACT B-1 AND SOUTHWEST TRACT B-2 FORMERLY SOUTHWEST TRACT B A PORTION OF EAST ARGENT, CITY OF HARDEEVILLE, JASPER COUNTY, SOUTH CAROLINA" PREPARED FOR PUNTA VISTA GRANDE, LLC, PREPARED BY THOMAS & HUTTON ENGINEERING CO., CERTIFIED BY ROBERT K. MORGAN, III, PLS (SC #26957), AND RECORDED OCTOBER 31, 2017, IN PLAT BOOK 35 AT PAGE 233, IN THE OFFICE OF THE REGISTER OF DEEDS FOR JASPER COUNTY, SOUTH CAROLINA (THE "PLAT"), REFERENCE TO WHICH IS HEREBY CRAVED AS FORMING A PART AND PARCEL HEREOF.

COMMENCING AT THE NORTHERLY RIGHT OF WAY LINE OF ARGENT BOULEVARD (R/W VARIES) AND THE EASTERLY RIGHT OF WAY LINE OF HAMPTON POINTE LOOP ROAD (150' R/W); THENCE NORTHERLY ALONG HAMPTON POINTE LOOP ROAD RIGHT OF WAY APPROXIMATELY 8,832 FEET TO AN IRON PIPE FOUND; thence N 12°32'45" E, A DSITANCE OF 230.30 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 257.26 FEET, A RADIUS OF 1150.00 FEET, A CHORD LENGTH OF 256.72 FEET, AND A CHORD BEARING N 06°08'14" E TO A POINT; THENCE WITH A COMPOUND CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 33.37 FEET, A RADIUS OF 1150.00 FEET, A CHORD LENGTH OF 33.37 FEET, AND A CHORD BEARING N 01°06'09" W TO A POINT; THENCE N 01°56'02" W, A DSITANCE OF 182.65 FEET TO A POINT; THENCE N 01°56'02" W, A DSITANCE OF 291.34 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 178.28 FEET, A RADIUS OF 985.00 FEET, A CHORD LENGTH OF 178.04 FEET, AND A CHORD BEARING N 03°35'19" E TO A POINT; THENCE N 08°47'33" E, A DSITANCE OF 2289.00 FEET TO A POINT; THENCE S 78°41'30" E, A DSITANCE OF 558.35 FEET TO A POINT; THENCE N 52°27'37" E, A DSITANCE OF 794.19 FEET TO A POINT; THENCE S 70°39'17" E, A DSITANCE OF 679.42 FEET TO A POINT; THENCE S 89°31'48" E, A DSITANCE OF 648.34 FEET TO A POINT; THENCE S 89°31'48" E, A DSITANCE OF 122.18 FEET TO A POINT; THENCE S 10°11'08" W, A DSITANCE OF 7.24 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 138.12 FEET, A RADIUS OF 330.00 FEET, A CHORD LENGTH OF 137.12 FEET, AND A CHORD BEARING S 22°10'35" W TO A POINT; THENCE S 34°10'02" W, A DSITANCE OF 738.32 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 202.32 FEET, A RADIUS OF 530.00 FEET, A CHORD LENGTH OF 201.09 FEET, AND A CHORD BEARING S 45°06'11" W TO A POINT; THENCE S 56°02'19" W, A DSITANCE OF 697.24 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 39.35 FEET, A RADIUS OF 1940.00 FEET, A CHORD LENGTH OF 39.35 FEET, AND A CHORD BEARING S 55°27'27" W TO A POINT; THENCE N 35°07'24" W, A DSITANCE OF 20.00 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 106.55 FEET, A RADIUS OF 1960.00 FEET, A CHORD LENGTH OF 106.54 FEET, AND A CHORD BEARING S 53°19'09" W TO A POINT; THENCE WITH A REVERSE CURVE TURNING TO THE RIGHT, HAVING AN ARC LENGTH OF 376.94 FEET, A RADIUS OF 1355.00 FEET, A CHORD LENGTH OF 375.73 FEET, AND A CHORD BEARING S 59°43'52" W TO A POINT; THENCE WITH A REVERSE CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 67.15 FEET, A RADIUS OF 1960.00 FEET, A CHORD LENGTH OF 67.14 FEET, AND A CHORD BEARING S 66°43'09" W TO A POINT; THENCE S 24°15'44" E, A DSITANCE OF 20.00 FEET TO A POINT; THENCE WITH THE ARC OF A CURVE TURNING TO THE LEFT, HAVING AN ARC LENGTH OF 26.82

FEET, A RADIUS OF 1940.00 FEET, A CHORD LENGTH OF 26.82 FEET, AND A CHORD BEARING S 65°20'31" W TO A POINT; THENCE S 19°22'51" E, A DSITANCE OF 39.28 FEET TO A POINT; THENCE S 63°37'27" E, A DSITANCE OF 28.28 FEET TO A POINT; THENCE S 10°34'20" E, A DSITANCE OF 25.93 FEET TO A POINT; THENCE S 47°19'01" E, A DSITANCE OF 32.46 FEET TO A POINT; THENCE S 06°12'24" W, A DSITANCE OF 24.31 FEET TO A POINT; THENCE S 24°25'12" E, A DSITANCE OF 19.14 FEET TO A POINT; THENCE S 07°47'23" E, A DSITANCE OF 33.73 FEET TO A POINT; THENCE S 09°21'01" E, A DSITANCE OF 44.84 FEET TO A POINT; THENCE S 06°49'51" E, A DSITANCE OF 25.75 FEET TO A POINT; THENCE S 08°47'12" W, A DSITANCE OF 23.62 FEET TO A POINT; THENCE S 46°30'16" W, A DSITANCE OF 49.56 FEET TO A POINT; THENCE S 07°45'48" E, A DSITANCE OF 51.91 FEET TO A POINT; THENCE S 01°09'05" W, A DSITANCE OF 21.11 FEET TO A POINT; THENCE S 19°01'04" W, A DSITANCE OF 19.76 FEET TO A POINT; THENCE S 06°47'48" W, A DSITANCE OF 47.52 FEET TO A POINT; THENCE S 71°11'26" W, A DSITANCE OF 10.51 FEET TO A POINT; THENCE S 43°58'43" W, A DSITANCE OF 45.20 FEET TO A POINT; THENCE S 15°32'37" W, A DSITANCE OF 42.67 FEET TO A POINT; THENCE S 08°33'47" W, A DSITANCE OF 49.29 FEET TO A POINT; THENCE S 41°50'37" E, A DSITANCE OF 44.39 FEET TO A POINT; THENCE S 51°20'16" E, A DSITANCE OF 59.45 FEET TO A POINT; THENCE S 31°15'06" E, A DSITANCE OF 45.95 FEET TO A POINT; THENCE S 33°19'08" E, A DSITANCE OF 22.75 FEET TO A POINT; THENCE S 01°40'34" E, A DSITANCE OF 7.46 FEET TO A POINT; THENCE S 17°10'43" W, A DSITANCE OF 38.33 FEET TO A POINT; THENCE S 28°50'31" E, A DSITANCE OF 33.25 FEET TO A POINT; THENCE S 16°34'39" E, A DSITANCE OF 22.96 FEET TO A POINT; THENCE S 48°16'34" E, A DSITANCE OF 30.59 FEET TO A POINT; THENCE S 32°40'15" E, A DSITANCE OF 11.31 FEET TO A POINT; THENCE S 07°01'57" E, A DSITANCE OF 12.04 FEET TO A POINT; THENCE S 05°30'00" E, A DSITANCE OF 22.39 FEET TO A POINT; THENCE S 45°18'06" E, A DSITANCE OF 38.80 FEET TO A POINT; THENCE S 44°40'20" W, A DSITANCE OF 36.60 FEET TO A POINT; THENCE S 50°32'18" E, A DSITANCE OF 59.99 FEET TO A POINT; THENCE S 78°43'50" E, A DSITANCE OF 32.05 FEET TO A POINT; THENCE S 16°23'40" E, A DSITANCE OF 31.31 FEET TO A POINT; THENCE S 82°35'50" E, A DSITANCE OF 74.11 FEET TO A POINT; THENCE N 88°00'00" E, A DSITANCE OF 36.66 FEET TO A POINT; THENCE N 88°34'39" E, A DSITANCE OF 19.61 FEET TO A POINT; THENCE N 83°07'25" E, A DSITANCE OF 83.28 FEET TO A POINT; THENCE N 66°38'14" E, A DSITANCE OF 29.99 FEET TO A POINT; THENCE S 56°54'19" E, A DSITANCE OF 15.02 FEET TO A POINT; THENCE S 56°19'54" E, A DSITANCE OF 24.47 FEET TO A POINT; THENCE S 02°58'22" W, A DSITANCE OF 23.14 FEET TO A POINT; THENCE S 56°05'42" E, A DSITANCE OF 67.60 FEET TO A POINT; THENCE S 05°20'33" W, A DSITANCE OF 52.85 FEET TO A POINT; THENCE S 02°28'09" W, A DSITANCE OF 7.15 FEET TO A POINT; THENCE S 42°14'40" E, A DSITANCE OF 22.46 FEET TO A POINT; THENCE S 11°28'35" E, A DSITANCE OF 30.20 FEET TO A POINT; THENCE S 37°56'22" E, A DSITANCE OF 44.22 FEET TO A POINT; THENCE S 71°04'11" E, A DSITANCE OF 26.31 FEET TO A POINT; THENCE S 86°48'33" E, A DSITANCE OF 13.38 FEET TO A POINT; THENCE S 63°45'11" E, A DSITANCE OF 39.49 FEET TO A POINT; THENCE S 69°50'10" E, A DSITANCE OF 43.11 FEET TO A POINT; THENCE S 51°30'00" E, A DSITANCE OF 42.76 FEET TO A POINT; THENCE S 34°37'59" E, A DSITANCE OF 34.91 FEET TO A POINT; THENCE S 21°16'29" E, A DSITANCE OF 38.15 FEET TO A POINT; THENCE S 17°17'22" E, A DSITANCE OF 40.19 FEET TO A POINT; THENCE S 19°48'45" E, A DSITANCE OF 46.76 FEET TO A POINT; THENCE S 17°35'30" E, A DSITANCE OF 50.10 FEET TO A POINT; THENCE S 13°26'35" E, A DSITANCE OF 30.03 FEET TO A POINT; THENCE S 03°51'23" W, A DSITANCE OF 39.12 FEET TO A POINT; THENCE S 12°10'35" E, A DSITANCE OF 30.76 FEET TO A POINT; THENCE S 19°00'29" W, A DSITANCE OF 29.16 FEET TO A POINT; THENCE S 08°18'46" W, A DSITANCE OF 47.70 FEET TO A POINT; THENCE S 11°40'05" W, A DSITANCE OF 39.84 FEET TO A POINT; THENCE S 59°31'31" W, A DSITANCE OF 62.62 FEET TO A POINT; THENCE S 67°03'41" W, A DSITANCE OF 56.08 FEET TO A POINT; THENCE S 61°09'38"

W, A DSITANCE OF 46.68 FEET TO A POINT; THENCE S 53°11'56" W, A DSITANCE OF 38.23 FEET TO A POINT; THENCE S 40°52'08" W, A DSITANCE OF 51.46 FEET TO A POINT; THENCE S 33°54'38" W, A DSITANCE OF 36.30 FEET TO A POINT; THENCE S 18°45'32" W, A DSITANCE OF 36.29 FEET TO A POINT; THENCE S 15°22'28" W, A DSITANCE OF 43.94 FEET TO A POINT; THENCE S 20°57'56" W, A DSITANCE OF 69.46 FEET TO A POINT; THENCE S 12°39'43" W, A DSITANCE OF 48.27 FEET TO A POINT; THENCE S 33°09'37" W, A DSITANCE OF 39.39 FEET TO A POINT; THENCE S 05°53'37" E, A DSITANCE OF 19.96 FEET TO A POINT; THENCE N 86°59'11" W, A DSITANCE OF 1792.10 FEET TO SAID POINT OF BEGINNING, SAID TRACT OR PARCEL OF LAND CONTAINING 147.172 ACRES.

TOGETHER WITH THE APPURTENANT RIGHTS CONTAINED IN THE MASTER AGREEMENT (EAST ARGENT 3B) RECORDED IN VOLUME 926 AT PAGE 107 AS SUPPLEMENTED BY SUPPLEMENT TO MASTER AGREEMENT RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 961 AT PAGE 77.

TOGETHER WITH THE FOLLOWING WHICH SHALL BE REFERRED TO AS "INSURED EASEMENTS":

TOGETHER WITH A NON-EXCLUSIVE APPURTENANT EASEMENT FOR PEDESTRIAN AND VEHICULAR ACCESS, INGRESS, EGRESS AND UTILITY INSTALLATION AND MAINTENANCE OVER AND ACROSS THAT AREA IDENTIFIED AS "RELOCATABLE ACCESS AND UTILITY EASEMENT "A"", CONTAINING 11.206 ACRES, MORE OR LESS, AS SHOWN ON THE PLAT, GRANTED BY THAT CERTAIN EASEMENT APPURTENANT [EXHIBIT C] OVER "RELOCATABLE ACCESS AND UTILITY EASEMENT "A" GRANTED BY SLF III-SC EAST ARGENT, LLC TO DEL MAR VISTA DUNES, LLC, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 961 AT PAGE 112.

TOGETHER WITH ALL RIGHTS OF THAT CERTAIN DRAINAGE EASEMENT APPURTENANT AGREEMENT BY AND BETWEEN SLF III-SC EAST ARGENT, LLC, AND COASTAVISTA PALMS, LLC, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 926 AT PAGE 227.

TOGETHER WITH ALL RIGHTS OF THAT CERTAIN DRAINAGE EASEMENT APPURTENANT AGREEMENT BY AND BETWEEN SLF III-SC EAST ARGENT, LLC, AND BELLAVISTA GROVE, LLC, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 926 AT PAGE 602.

TOGETHER WITH ALL RIGHTS OF THAT CERTAIN DRAINAGE EASEMENT APPURTENANT AGREEMENT BY AND BETWEEN SLF III-SC EAST ARGENT, LLC, AND DEL MAR VISTA DUNES, LLC, RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 961 AT PAGE 120.

TOGETHER WITH A NON-EXCLUSIVE EASEMENT FOR PEDESTRIAN AND VEHICULAR ACCESS, INGRESS, AND EGRESS OVER "150' ACCESS EASEMENT", "FUTURE NEW RIVER PARKWAY 150' R/W (A/K/A HAMPTON POINTE LOOP ROAD)" AS GRANTED BY SLF III - SC EAST ARGENT, LLC BY THAT CERTAIN EASEMENT APPURTENANT [EXHIBIT D] RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 961 AT PAGE 116 PURSUANT TO THE GRANT OF ACCESS EASEMENT FROM JPR PROPERTIES, LLC, DATED NOVEMBER 7, 2007, AND RECORDED IN THE JASPER COUNTY RECORDS IN BOOK 606 AT PAGE 77.

Introduction

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 984 of 1318 Excerpts from Punta Vista Grande Appraisal

Introduction

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The report is divided into three sections.

Section I of the report, which deals with the unencumbered fee estate.

Section II of the report, which deals with the encumbered fee estate.

Section III of the report, which deals with reconciliation.

Sales were drawn from the area.

Highest and Best Use of the 127.17-acre portion of the Subject Property is substantially limited once encumbered by easement. Development is now perpetually prohibited, except in designated building zones and the excluded 20-acre outparcel.

## Competency Provision

Based on my experience in appraising similar properties, I have the required data and experience to complete this appraisal in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I completed the Valuation of Conservation Easements Certificate Program.

I have prepared many conservation easement appraisals over the last twenty years.

Specific education relative to the assignment are:

The Income Approach, The Cost Approach, Highest and Best Use, Market Approach Appraisal of Conservation Easements, Appraisal of Land

Intended User

The term "intended user" is defined by USPAP as: "The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or consulting report, by the appraiser based on communication with the client at the time of the assignment".

Introduction

## **Identification of the Subject Property**

The subject is located off SC Highway 141 in Jasper County, South Carolina, approximately 10 miles from Interstate 95.

## **Prior Sales History**

There have been no qualified sales or transfers of the subject property within the last three years. The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

## **Ownership**

Punta Vista Grande, LLC

**Improvements** 

None

**Taxes** 

Introduction

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

## Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 127.17 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Queen's Cove

Document ID: ECOVEST-DOJ 0088837

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Queens Cove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Queens Cove, LLC

51.38 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 28, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 28, 2016 is:

Unencumbered	Acres	FMV
Before Value	51.38	\$61,224,881

The value of the Subject Property, subject to a perpetual conservation easement as of December 28, 2016 is:



The value of the easement gift as of December 28, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	51.38	\$61,224,881
Less		
Total After Value (Encumbered)	51.38	<u>\$2,405,408</u>
Value of the Easement	rounded	\$58,819,000

The encumbered property also includes the reserved right to build up to sixteen attached or detached residential units within the building zone. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property.

While these residential sites cannot claim ownership of the conservation easement area, they can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 10% enhancement to the reserved building sites.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

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To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted	
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Claud Clark III	State Certified General Real Property Appraise
SC License #AB 6768 CG	

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Frontage Road, southeast of

Carolina Bays Pkwy and northeast of Robert M Grissom Pkwy. It is north of the Intracoastal Waterway in Myrtle

Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 28, 2016

**Date of Donation** December 28, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** RC (Resort Commercial)

**Site:** 51.38 Acres

**Easement:** 51.38 Acres

**Reserved:** One 3.5-acre building zone for sixteen residential units

**Total:** 51.38 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

ALL THAT CERTAIN PA	RCEL AS SHOWN ON PLAT ENTITLED BOUNDARY/
Subdivision survey o	OF A PORTION OF QUEENS COVE FOR
DATED AUGUST 30, 20	16, BY THE BRIGMAN COMPANY AND RECORDED
	IN THE HORRY COUNTY REGISTER OF DEEDS OFFICE IN
PLAT BOOK PA	

POINT OF BEGINNING #1

BEGINNING AT A POINT ON THE SOUTH WESTERN CORNER OF SAID PARCEL AND POINT BEING MARKED BY HAVING 5/8" IRON REBAR SET AND HAVING SC STATE PLANE COORDINATES OF N704,251.31 AND E 2,653,658.92 THENCE A LINE BOUNDED TO THE WEST BY GRISSOM PARKWAY TO THE EAST BY THE SUBJECT TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

N 39° 01' 40" W 11.89' TO 5/8" TO SC DOT MONUMENT N 34° 45' 03" W 407.08 TO 5/8" IRON REBAR SET N 30° 53' 26" W 296.63 TO 5/8" TO SC DOT MONUMENT

THENCE A LINE BOUNDED TO THE NORTH BY CAROLINA BAYS PARKWAY FRONTAGE RD, AND BOUNDED TO THE SOUTH BY THE SUBJECT TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

N 54" 58' 23 E 152.40' TO A 5/8" IRON REBAR SET

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING BEARING N 33' 13' 06" E, CHORD 480.90', RADIUS 648.09', ARC LENGTH 492.68', DELTA ANGLE 43" 33' 22" TO A 3/8" IRON REBAR SET (C1)

THENCE A LINE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE THE FOLLOWING BEARINGS AND DISTANCE:

N 58" 12" 39" E 127.86" TO 5/8" IRON REBAR SET

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING BEARING N 51" 33" 59" E, CHORD LENGTH 142.08", RADIUS 613.08", ARC LENGTH 142.40" DELTA ANGLE 13" 18" 30" TO 5/8" IRON REBAR SET (C2)

THENCE A LINE BOUNDED TO THE EAST BY CASTLE PICKNEY DRIVE AND BOUNDED TO THE WEST BY THE SUBJECT TRACT THE FOLLOWING BEARINGS AND DISTANCES:

S 29" 45" 12" E 351.96 TO 5/8" IRON REBAR SET S 29" 45" 06" E 315.60 TO 5/8" IRON REBAR SET

THENCE A CURVE BOUNDED TO THE SOUTH BY LAND NOW OR FORMERLY OWNED BY THE BATTERY ON THE WATERWAY HOA INC AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARING S 15" 14" 51" W, CHORD LENGTH 28.28', RADIUS 20.00', ARC LENGTH 31.41', DELTA ANGLE 89" 58" 58" TO 5/8" IRON REBAR SET (C7)

THENCE A LINE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE THE FOLLOWING BEARINGS AND DISTANCES:

S 60" 14"51" W 78.11" TO IRON REBAR SET S 08" 32" 10" W 81.45" TO 5/8" IRON REBAR SET S 29" 45" 09" E 220.98" TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE SOUTH BY ATLANTIC INTRACOASTAL WATERWAY AND BOUNDED TO THE NORTH BY THE SUBJECT PROPERTY THE FOLLOWING BEARING AND DISTANCE:

S 60" 15" 18" W 656.51"

THENCE BACK TO POINT OF BEGINNING, TRACT CONTAINS 657, 112 SQ. FT. / 15.09 ACRES

POINT OF BEGINNING #2

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCEL AND POINT BEING MARKED BY HAVING 5/8" IRON REBAR SET AND HAVING THE SC STATE LANE COORDINATES OF N 705,585.98 AND E 2,653,950.03 THENCE A LINE BOUNDED TO THE WEST BY CASTLE PICKNEY OR AND BOUNDED TO THE EAST BY THE SUBJECT TRACT, THE FOLLOWING BEARINGDS AND DISTANCES:

S 29" 45' 09" E 393.48' TO 5/8" IRON REBAR SET S 29" 45' 09" E 110.07' TO 5/8" IRON REBAR SET (L7)

THENCE A LINE BOUNDED TO THE SOUTH BY LANDS NOW OR FORMERLY OWNED BY BATTERY ON THE WATERWAY HOA INC COMMON AREA E1 AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

N 60° 14′ 15″ E 908.14′ TO A CALCULATED POINT WITHIN THE LAKE

THENCE A LINE BOUNDED TO THE SOUTH BY LANDS NOW OR FORMERLY OWNED BY BATTERY ON THE WATERWAY HOA INC COMMON AREA E2 AND BOUNDED TO THE NORTH BY THE SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

N 60"14" 51" E 898.04" TO A 5/8" IRON REBAR SET.

THENCE A LINE BOUNDED TO THE EAST BY MOULTRIE DRIVE AND BOUNDED TO THE WEST BY THE SUBJECT TRACT. THE FOLLOWING BEARING AND DISTANCE:

N 29" 18' 34" W 964.07" TO 5/8" IRON REBAR SET

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING BEARING S 78" 09" 46" E CHORD LENGTH 52.72" RADIUS 35.00" ARC LENGTH 59.70" DELTA ANGLE 97" 43" 36" TO A 5/8" IRON REBAR SET (C6).

THENCE A CURVE BOUNDED TO THE NORTH BY CAROLINA BAYS PARKWAY FRONTAGE ROAD AND TO THE SOUTH BY THE SUBJECT TRACT THE FOLLOWING BEARING S 55" 12" 51"W, A CHORD LENGTH 908.47", RADIUS 11671.56", ARC LENGTH 908.47" DELTA ANGLE 4" 27" 39" TO 5/8" IRON REBAR SET (C5)

THENCE A LINE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE, THE FOLLOWING BEARINGS AND DISTANCES:

S 56" 38' 27" W 225.10' TO 5/8" IRON REBAR SET S 24" 01'22" E 2.00' TO 5/8" IRON REBAR SET

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING BEARING S 36" 59" 56" W CHORD LENGTH 358.60" RADIUS 533.07" ARC LENGTH 365.73" DELTA ANGLE 39" 18" 35" TO 5/8" IRON REBAR SET (C4)

THENCE A LINE HAVING THE SAME BOUNDS AS THE PREVIOUS CURVE, THE FOLLOWING BEARING AND DISTANCE

S 17" 21" 44" W 231.69" TO 5/8" IRON REBAR SET

THENCE A CURVE HAVING THE SAME BOUNDS AS THE PREVIOUS LINE THE FOLLOWING BEARING S 25° 37′ 32″ W, CHORD LENGTH 176.39′, RADIUS 613.08′, ARC LENGTH 177.01′, DELTA ANGLE 16° 32′ 32″ (C3)

THENCE BACK TO THE POINT OF BEGINNING, TRACT CONTAINS 36.29 ACRES

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1001 of 1318 Excerpts from Queen's Cove Appraisal

Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, as well as national valuation services, such as RS Means and Marshall and Swift. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 51.38 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1002 of 1318 Excerpts from Queen's Cove Appraisal

Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

## **Identification of the Subject Property**

The subject is located off Frontage Road, southeast of Carolina Bays Pkwy and northeast of Robert M Grissom Pkwy. It is north of the Intracoastal Waterway in Myrtle Beach, Horry County, South Carolina. The property is bisected by Castle Pickney Drive. The site contains 51.38 acres.

## **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

Ownership

Queens Cove, LLC

**Improvements** 

None

**Taxes** 

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Site Data

The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed staining of soils: • Observed distressed vegetation:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

On-Site: No; Adjacent: No Observed noticeable odors:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 51.38 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Red Oak Equestrian

Document ID: ECOVEST-DOJ 0332259

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

\* Certified in AL, FL, MS, GA, CO † Certified in AL, GA

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

February 10, 2013

Mr. Edmund Cash, Manager Red Oak Equestrian, LLC P.O. Box 2579 Rome, GA 30165

RE: Conservation Easement Red Oak Equestrian

Dade County, Georgia

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317 I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 27, 2012, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	324.90	\$6,619,788

Fee Simple subject to a perpetual conservation easement

۵	After Value (Encumbered)	Acres 322.90	Value/Acre \$1000	FMV \$322 900
	,	<b></b>	******	. ,

The value of the easement gift as of December 27, 2012 is as follows and is based upon the before and after method.

The subject property has two (2) reserved home sites. The property can be subdivided into the same number of parcels as there are building lots. The parcels that result from the subdivision must contain a building area. There is no minimum or maximum size. These lots do not have existing access and would require considerable effort and financing in order to make them build ready. Based upon the review of other easements, the value of these sites does not warrant a value over and above the price per acre. There is no enhancement.

	Acres	Value/Acre	FMV
Before Value	324.90		\$6,619,788
Less			
After Value (Encumbered)	322.90	\$1,000	\$322,900
Less			
2 Reserved Building Sites	2	\$1,000	<u>\$2,000</u>
Value of the Easement		rounded	\$6,295,000

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I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

I have appraised this property in the last three years; however, it was for the same client.

Respectfully submitted

Claud Clark III GA License #322927 State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1009 of 1318 Excerpts from Red Oak Equestrian Appraisal

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

UVV II

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III GA License #322927 State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1012 of 1318 Excerpts from Red Oak Equestrian Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is largely located in Dade County, Georgia

with a small portion in Walker County, Georgia.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** February 10, 2013

**Date of Value Estimates:** December 27, 2012

**Date of Donation** December 27, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 324.90 Acres

**Easement:** 322.90 Acres

**Reserved:** Two Building Sites (2 acres)

**Total:** 324.90 Acres

**Improvements:** Jeep/ATV Trails

High and Best Use

Before: Residential Development

of Site as Though Vacant: After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Alabama or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;

- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### **Limitation of Data Used**

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

All that tract and or parcel of land lying and being in portions of Land Lots 143, 144 and 145 of the 18th District and 4th Section of Dade County and Walker County, Georgia, and being more particularly described as follows:

Beginning at the continest corner of land for 143; thence with the cost fine of land for 143, \$00°58°25°W 2675.31' to the southeast corner of land for 143; thence with the cost line of land for 143, \$89°11°53°W 2987.16' to the northeast corner of land lot 145; thence with the cost line of land for 145, \$81°03'97°E 2634.25' to the southeast corner of land lot 145, thence with the south line of land lot 145, \$89°14'27°W 1348.92' to the southwest corner of land lot 145, said point being on the Georgia-Alabama State Line; thence along and with the State Line, N 08°39'38° W 2783.07' to the southwest corner of land lot 144; thence continue along and with the State Line, N 08°40'31° W 2585.92' to the northwest corner of land lot 144; thence N 89°12'55° E 45.85'; thence S 37°20'41° E 483.76'; thence S 66°31'18° E 439.65'; thence S 59°51'04° E 694.43'; thence S 67°54'48° E 353.84'; thence S 68°06'21° E 418.29'; thence N 84°14'08° E 406.03'; thence N 47°25'02° E 501.32'; thence N 08°43'21° W 512.42'; thence N 03°57'50° W 345.64'; thence N 89°27'55° E 2204.73' to the Point of Reginning, containing 324.90 scres more or loss.

Introduction

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises the fourth step. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

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Introduction

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Rivers, Mountains, Bluffs). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for outdoor recreation oriented subdivisions that offer amenities such as lakes or rivers, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for development, such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of significance is proximity to other recreational features such as national and state forests and parks. The specific parks and forests will be discussed in the DCF explanation later in the report.

Extraction and Allocation are methods that involve improved properties and they are not appropriate in this case.

Introduction

## Identification of the Subject Property

The subject property consists of one parcel located predominantly in southern Dade County, Georgia, with a small portion located in Walker County, Georgia. The site contains 324.90 +-acres.

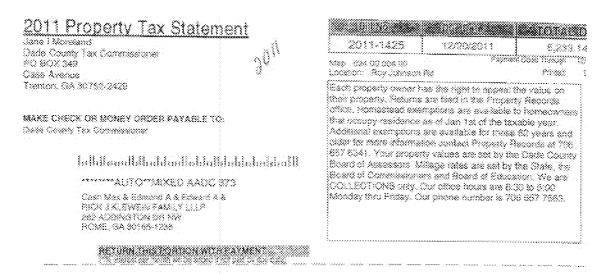
## **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

## **Ownership**

Red Oak Equestrian, LLC

### Taxes



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Q

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GALES TAX HOLLBACK			
SIGROOL MAG	**0.300.00 } *55.120	256,020,00	

All of the property is taxed by Dade County, even though a small portion is located in Walker County, GA.

## *Improvements*

None

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Site Data

Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

> On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed staining of soils: • Observed distressed vegetation: On-Site: No; Adjacent: No • Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

## Conclusion:

The subject property consists of approximately 324.90 +- acres, of which approximately 324.90 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: River Trace Resort

Document ID: ECOVEST-DOJ 0030858

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

River Trace Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

River Trace Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	276.95	\$22,252,938	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	276.95	\$498,510	

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The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	276.95	\$22,252,938	
Less Total After Value (Encumbered)	276.95	\$498,510	
Value of the Easement	rounded	\$21,754,000	
value of the Lasement	rounded	ΨΣ 1,7 34,000	

The Subject Property has two (2) reserved residential building sites and two (2) reserved recreational building sites. While these sites do maintain limited building rights, as defined by the easement, the rural location of the property, limits their value above that of the encumbered property. It should also be noted that these lots are not build ready lots and will require development costs to make them so, such as access, lot clearing, and utility installation. Due to these facts, I do not feel that these sites warrant an additional value above that of the overall per acre value of the encumbered tract. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and
  conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.

NO UWL

- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693 State Certified General Real Property Appraiser

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## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located on Kentucky Lake in

Stewart County, Tennessee.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purposes, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 276.95 Acres

**Easement:** 276.95 Acres

**Reserved:** Two Residential Building Sites and Two Recreational

**Building Site** 

**Total:** 276.95 Acres

**Improvements:** None

High and Best Use Before: Residential Villa and Motor Coach

Development

of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Kentucky or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

Being the following described real estate, situated within the **Tenth** Civil District of Stewart County, Tennessee, and being that property which was conveyed to Lewis, Record Book 135, Page 456, Record Book 135, Page 470, and Record Book 135, Page 458 and also that property that was conveyed to Morgan Deed Book 294, Page 561, and Deed Book296, Page 199, in the Register's Office of Stewart County, Tennessee, and being more particularly described as follows:

BEGINNING at a concrete right-of-way monument found at the northwest corner of this tract, being 81 feet from the center of Old U.S. Highway 79 and being in the south right-of-way of U.S. Highway 79, having Tennessee State Plane, NAD83, Coordinates of North: 776929.6 and East: 1372365.4; runs thence with the right-of-way North 80 degrees 52 minutes 43 seconds East, 248.29 feet to a ½-inch rebar found at the northwest corner of Gray, Deed Book 163, Page 210; thence with Gray as follows: South 07 degrees 01 minutes 27 seconds West, 294.79 feet to a rock pile; South 79 degrees 50 minutes 28 seconds East, 514.79 feet to a ½-inch rebar with cap found:

North 15 degrees 27 minutes 52 seconds East, 418.28 feet to an iron pipe found with a witness post at the southwest corner of Middleton, Record Book 154, Page 404; thence with Middleton South 83 degrees 21 minutes 34 seconds East, 575.53 feet to an iron pipe found with a witness post at the southwest corner of Pulley, Record Book 158, Page 199, Tract 2; thence with Pulley South 80 degrees 58 minutes 00 seconds East, 480.73 feet to a 1.5-inch iron pipe found at the southwest corner of Howell, Record Book 173, Page 603; thence with Howell South 81 degrees 47 minutes 22 seconds East, 1288.59 feet to a ½inch iron pipe found in a rock pile in the west line of Henry, Record Book 31, Page 556, and having Tennessee State Plane, NAD83, Coordinates of North: 776662.7 and East: 1375514.6; thence with Henry South 15 degrees 44 minutes 16 seconds East, 3145.45 feet to an iron pipe found at the base of a steel fence post and being in the north line of Klueter, Record Book 52, Page 746, and having Tennessee State Plane, NAD83, Coordinates of North: 773635.2 and East: 1376367.7; thence with Klueter as follows: South 56 degrees 14 minutes 12 seconds West, passing an iron pipe found on the east top of bank of a small creek at 59.29 feet, continuing and additional 25.97 feet, a total distance of 85.26 feet to the center of a small creek; thence continuing with Klueter and along the center of the creek as follows:

South 27 degrees 03 minutes 23 seconds East, 34.59 feet;

South 18 degrees 27 minutes 36 seconds West, 124.96 feet;

South 46 degrees 18 minutes 04 seconds East, 118.97 feet;

South 13 degrees 15 minutes 42 seconds East, 77.70 feet to the north right-of-way of

Boat Dock Road; thence with the north right-of-way of Boat Dock Road as follows:

South 66 degrees 08 minutes 18 seconds West, 71.30 feet;

South 55 degrees 11 minutes 13 seconds West, 81.39 feet;

South 20 degrees 58 minutes 11 seconds West, 107.25 feet;

South 12 degrees 48 minutes 48 seconds West, 231.78 feet;

South 46 degrees 04 minutes 16 seconds West, 91.88 feet;

South 58 degrees 49 minutes 57 seconds West, 95.40 feet;

South 78 degrees 17 minutes 36 seconds West, 118.14 feet;

North 88 degrees 21 minutes 20 seconds West, 78.90 feet;

North 75 degrees 23 minutes 26 seconds West, 61.30 feet;

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North 50 degrees 07 minutes 31 seconds West, 191.90 feet;
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North 88 degrees 02 minutes 42 seconds West, 37.30 feet;

South 47 degrees 57 minutes 01 seconds West, 65.70 feet;

South 14 degrees 42 minutes 36 seconds West, 77.10 feet;

North 78 degrees 25 minutes 49 seconds East, 30.30 feet to a point in the 375-foot

contour line; thence with the 375-foot contour line as follows:

South 12 degrees 51 minutes 11 seconds East, 196.25 feet;

South 53 degrees 53 minutes 12 seconds West, 35.15 feet;

South 75 degrees 08 minutes 51 seconds West, 60.16 feet;

South 36 degrees 39 minutes 36 seconds West, 54.23 feet;

South 56 degrees 02 minutes 57 seconds West, 46.23 feet;

South 81 degrees 29 minutes 58 seconds West, 125.88 feet;

South 75 degrees 34 minutes 47 seconds West, 45.76 feet;

North 83 degrees 33 minutes 08 seconds West, 55.86 feet to a ½-inch rebar with cap number 824 found at a steel fence post;

South 87 degrees 59 minutes 59 seconds West, 134.69 feet;

North 80 degrees 54 minutes 47 seconds West, 48.54 feet;

South 77 degrees 05 minutes 20 seconds West, 47.93 feet to a 14-inch hickory;

North 86 degrees 33 minutes 15 seconds West, 49.72 feet;

South 23 degrees 31 minutes 37 seconds West, 37.55 feet;

South 55 degrees 14 minutes 56 seconds West, 54.19 feet to a 5/8-inch iron rod found at the base of a steel fence post with TVA sign 76-74 and the southeast corner of River Trace II Subdivision, Plat Book A, Slide 138, having Tennessee State Plane, NAD83, Coordinates of North: 772381.0 and East: 1374853.8; thence with the River Trace II Subdivision North 02 degrees 02 minutes 20 seconds East, passing a ½-inch rebar with cap found at 337.20 feet, continuing an additional 464.47 feet, a total distance of 801.67 feet to a 5/8-inch rebar found at the base of a steel fence post, having Tennessee State Plane, NAD83, Coordinates of North: 773182.2 and East: 1374882.3; thence continuing with the River Trace II Subdivision and with the north right-of-way of River Tract Drive a portion of the way as follows:

North 82 degrees 37 minutes 27 seconds West, 579.75 feet to a ½-inch rebar with cap set in the north right-of-way of River Trace Drive; thence with the north right-of-way as follows:

South 21 degrees 50 minutes 02 seconds West, 129.33 feet;

South 07 degrees 47 minutes 52 seconds West, 62.07 feet;

Along with a curve turning to the right with an arc length of 80.48 feet, with a radius of 35.39 feet, with a chord bearing of South 72 degrees 56 minutes 20 seconds West, with a chord length of 64.23 feet;

North 41 degrees 55 minutes 11 seconds West, 116.25 feet;

Along with a curve turning to the left with an arc length of 206.13 feet, with a radius of 667.16 feet, with a chord bearing of North 50 degrees 46 minutes 16 seconds West, with a chord length of 205.31 feet;

North 59 degrees 37 minutes 20 seconds West, 60.52 feet to a point; thence leaving the right-of-way and along the north line of the River Trace II Subdivision as follows:

North 29 degrees 48 minutes 16 seconds East, 6.55 feet to a concrete monument found in a 12-inch corrugated metal pipe;

North 26 degrees 59 minutes 44 seconds West, 298.73 feet to a ½-inch rebar with cap set;

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South 38 degrees 14 minutes 29 seconds West, 287.67 feet to a TVA concrete monument number 76-7 found;

North 82 degrees 04 minutes 29 seconds West, 917.36 feet to an iron pipe found in the east boundary of Sternard, having Tennessee State Plane, NAD83, Coordinates of North: 773475.6 and East: 1372681.5; thence with Sternard as follow:

North 07 degrees 17 minutes 56 seconds East, 837.53 feet to a ½-inch rebar with cap number 824 found;

North 07 degrees 20 minutes 27 seconds East, 1933.16 feet to a ½-inch rebar with cap found, having Tennessee State Plane, NAD83, Coordinates of North: 776223.6 and East: 1373034.9;

North 75 degrees 42 minutes 00 seconds West, 851.95 feet to a 6-inch pine;

North 36 degrees 06 minutes 46 seconds West, 281.00 feet to a ½-inch rebar with L.I. Smith Cap found;

Along with a curve turning to the left with an arc length of 448.53 feet, with a radius of 353.38 feet, with a chord bearing of North 50 degrees 08 minutes 12 seconds East, with a chord length of 419.02 feet to the Point of Beginning and containing 276.95 Acres, more or less, as surveyed by James Matthew McCrory, Registered Land Surveyor Number 2760, of L.I. Smith & Associates, 302 North Caldwell Street, Paris, TN 38242, on June 21, 2015. Bearings are based of Tennessee State Plane, NAD 83, Coordinate System.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 276.95 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

## **Identification of the Subject Property**

The Subject Property is located off River Trace Rd. on Kentucky Lake in Stewart County, Tennessee. The site contains 276.95 acres.

## **Prior Sales History**

The Subject Property was purchased by River Trace Resort Holdings, LLC from multiple individual owners in October 2015. The Subject is not listed for sale.

## **Ownership**

River Trace Resort Holdings, LLC

## **Improvements**

None

## **Taxes**

### RIVER TRACE RESORT PRO-RATION OF REAL ESTATE TAXES FOR 2014

PROJECT	ACRES	% OF TOTAL	2014 TAX	PRO- RATION
091 020.00	233,25	0.851525993	\$:3,480.00	\$ 2,963.31
091 002.02	8.67	0.03165158	\$ 3,480,00	\$ 110.15
110 009.06	30.00	0.10952103	\$ 3,480.00	\$ 381.13
110 009.07	2.00	0.00730140	\$ 3,480.00	\$ 25.41
	273.92		~~~~~	\$ 3,480.00

2014 TAX BY TN	IS
091 020.00	\$ 1,383.00
091 002.02	\$ 212.00
110 009.06	\$ 1,329.00
110 009.07	\$ 556.00
TOTAL TAX	\$ 3,480,00

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Site Data

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

• Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 276.95 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Riverside Preserve

Document ID: ECOVEST-DOJ 0091357

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
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Certified General Real Property Appraiser

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January 2, 2017

Riverside Preserve LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Riverside Preserve, LLC

410.64 acre tract, Duplin County, North Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of North Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 22, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 22, 2016 is:

Unencumbered	Acres	FMV	
Before Value	410.64		

The value of the Subject Property, subject to a perpetual conservation easement as of December 22, 2016 is:

Encumbered		Acres	FMV	
Total After Valu	ue – Land and Reserved Sites	410.64	\$1,590,576	

The value of the easement gift as of December 22, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	410.64	\$24,922,157
Less		
Total After Value (Encumbered)	410.64	<b>\$1,590,576</b>
Value of the Easement	rounded	\$23,332,000

The encumbered property also includes three reserved sites designated for specific uses, one of which includes up to six building sites. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited rights, as defined by the easement, and therefore, require additional value over that of the per acre value of the encumbered property. It should be noted that these sites are not build/use ready and will incur some development costs to make them so. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to

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the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III NC License #A7692 State Certified General Real Property Appraiser

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.

luka

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III NC License #A7692

State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located east of I-40 and south of NC-41

Highway, approximately ten miles east of Wallace, Duplin County, North Carolina. The property fronts the Northeast

Cape Fear River.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 22, 2016

**Date of Donation** December 22, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 410.64 Acres

**Easement:** 410.64 Acres

**Reserved:** Three reserved sites for specified uses; six

recreational/residential building sites

Total: 410.64 Acres

**Improvements:** None

High and Best Use Before: Resort Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of North Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### <u>Limitations of a Value Estimate in a Dynamic Market</u>

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

# LEGAL DESCRIPTION FOR RIVERSIDE PRESERVE

COMMENCING AT AN EXISTING G STONE (POINT B) AS SHOWN IN MAP BOOK 27 PAGE 42 OF THE DUBLIN COUNTY REGISTRY. THENCE SOUTH 85°59'18" HAST A DISTANCE OF 297.80' TO A RAILROAD IRON. THENCE SOUTH 42°56'35" WEST A DISTANCE OF 876.62' TO A RAILROAD IRON. SAID EXISTING RAILROAD IRON BEING THE TRUE POINT AND PLACE OF BEGINNING OF THE HEREIN DESCRIBED TRACT,

THENCE SOUTH 23°20'56" WEST A DISTANCE OF 520.46' TO A 2" IRON PIPE FOUND; THENCE SOUTH 50°51'02" EAST A DISTANCE OF 2535.98' TO A 1" IRON PIPE FOUND; THENCE SOUTH 25°35'16" WEST A DISTANCE OF 306.03' TO A 1" IRON PIPE FOUND; THENCE SOUTH 38°34'09" MEST A DISTANCE OF 306.03' TO A 1" IRON PIPE FOUND; THENCE SOUTH 34°57'04" WEST A DISTANCE OF 797.06' TO A 1" IRON PIPE FOUND; THENCE SOUTH 77°52'43" WEST A DISTANCE OF 876.30' TO A 2" IRON PIPE FOUND; THENCE NORTH 23°27'30" WEST A DISTANCE OF 1849.71' TO AN EXISTING G STONE; THENCE NORTH 74°49'58" WEST A DISTANCE OF 2392.40' TO AN IRON REBAR SET; THENCE NORTH 74°49'58" WEST A DISTANCE OF 2450.01' TO AN EXISTING G STONE; THENCE SOUTH 83°18'59" WEST A DISTANCE OF 22.36' TO A POINT AT THE APPROXIMATE HIGH WATER MARK AT THE SOUTHEASTERN BANK OF THE NORTHEAST CAPE TEAD PIVED.

THENCE WITH THE BIGGWATER MARK OF THE NORTHEAST CAPE FEAR RIVER AS IT MEANDERS A CHORD OF NORTH 19"43'41" EAST A DISTANCE OF 2953.17' TO A POINT AT THE APPROXIMATE BIGG WATER MARK AT THE SOUTHEASTERN BANK OF THE NORTHEAST CAPE FEAR RIVER;

THENCE NORTH 88\*42'45" EAST A DISTANCE OF 14.14' TO AN IRON REPAR FOUND; THENCE SOUTH 24\*56'28" EAST A DISTANCE OF 139.83' TO AN EXISTING G STONE; THENCE SOUTH 25°01'04" EAST A DISTANCE OF 905.69' TO AN EXISTING G STONE; THENCE SOUTH 68°51'50" EAST A DISTANCE OF 1636.36' TO A RAILROAD IRON, WHICH IS THE TRUE POINT AND PLACE OF BEGINNING; CONTAINING 410.64 ACRES



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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 410.64 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The subject is located east of I-40 and south of NC-41 Highway, approximately ten miles east of Wallace, Duplin County, North Carolina. The property fronts the Northeast Cape Fear River. The site contains 410.64 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### Ownership

Riverside Preserve, LLC

### **Improvements**

None

Taxes

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Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 410.64 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Rocky Creek Plantation

Document ID: ECOVEST-DOJ 0118764

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 19, 2014

Donald Johnson Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Rocky Creek Plantation
Chester County, South Carolina
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

Dear Mr. Johnson:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

1

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 19, 2014, and before the Subject Property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	2145.21	\$71,753,465

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 19, 2014 is:

		Acres	Value/Acre	FMV
	After Value – Land Only (Encumbered)	2145.21	\$1,000	\$2,145,210
Ø,				

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The value of the easement gift as of December 19, 2014 is as follows and is based upon the before and after value method. In determining the market nature of a conservation easement, the before and after method is a recognized technique.

	Acres	Value/Acre	FMV
Before Value	2145.21		\$71,753,465
Less			
After Value (Encumbered)	2145.21	\$1,000	<u>\$2,145,210</u>
Value of the Easement		rounded	\$69,608,000

There are seven (7) areas designated for the construction of residences and related residential uses. The property can be subdivided into the same number of parcels as there are building lots. The parcels that result from the subdivision must contain a building area. There is no minimum or maximum size. Based upon the review of other easements, the value of these sites does not warrant a value over and above the price per acre. There is no enhancement.

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I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of the report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized members.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located on the west side of Interstate 77,

south of Richburg in Chester County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 19, 2014

**Date of Value Estimates:** December 19, 2014

**Date of Donation** December 19, 2014

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** EDD, Economic Development District

**Site:** 2145.21 Acres

Easement: 2145.21 Acres

**Reserved:** Seven (7) reserved areas.

**Total:** 2145.21 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

**Legal Descriptions and Maps** 

### **LEGAL**

### EXHIBIT "A" TRACT 1:

(Interstate Land & Timber, LLC to Rocky Creek Plantation, LLC)

Commencing at the S.C. Grid monument "Green Briar"; thence with a bearing of S 3°30'49" W, and a distance of 9492.45', to a point; thence with a bearing of S 70°34'26" W, and a distance of 1703.91', to a point; thence with a bearing of S 42°50'38" B, and a distance of 3721.39', to the POINT OF BEGINNING of the tract described herein;

Thence with a bearing of S 42°50'38" E, and a distance of 799.11', to a point on the western Right of Way of I-77;

thence with said Right of Way the following cleven (11) calls:

- 1) thence with a bearing of S 0°58'03" E, and a distance of 2568.70', to a point;
- 2) thence with a bearing of S 7°21'19" W, and a distance of 101.84', to a point;
- 3) thence with a bearing of S 0°43'02" E, and a distance of 99.57, to a point;
- 4) thence with a bearing of S 9°36'56" E, and a distance of 101.13', to a point;
- 5) thence with a bearing of S 0°58'23" E, and a distance of 8489.15', to a point;
- 6) thence with an Arc to the Left, having a Radius of 11600.82', and a Length of 588.62', and being Chorded by a bearing of S 2°31'35" H, and a distance of 588.56' to a point;
- 7) thence with a bearing of S 2°46'54" W, and a distance of 407.63', to a point;
- 8) thence with an Arc to the Left, having a Radius of 11679.16, and a Length of 411.13', and being Chorded by a bearing of S 6"58'23" E, and a distance of 411.11' to a point;
- 9) thence with a bearing of S 23°25'08" E, and a distance of 210.49, to a point;
- 10) thence with an Arc to the Left, having a Radius of 11624.16, and a Length of 1808.56, and being Chorded by a bearing of S 13°23'13" E, and a distance of 1806.73' to a point;
- 11) thence with a bearing of S 17"51"16" H, and a distance of 1051.26", to a point; thence with a bearing of S 42°46'19" W, and a distance of 574.06', to a point; thence with a bearing of S 10°28'34" E, and a distance of 316.48', to a point; thence with a bearing of S 32°28'34" E, and a distance of 730,00°, to a point: thence with a bearing of S 45°58'34" E, and a distance of 706.00', to a point; thence with a bearing of S 30°31'26" W, and a distance of 794.68', to a point; thence with a bearing of S 27°33'27" E, and a distance of 171.60', to a point; thence with a bearing of \$ 23°26'33" W, and a distance of 778.50", to a point; thence with a bearing of S 78°36'49" W, and a distance of 1562.06', to a point; thence with a bearing of N 65°08'32" W, and a distance of 309.74', to a point: thence with a bearing of N 84°02'41" W, and a distance of 891.00', to a point; thence with a bearing of N 41 0749" W, and a distance of 288.90', to a point; theree with a bearing of N 55°48'57" W, and a distance of 257.17", to a point; ----thence with a bearing of N 85°33'13" W, and a distance of 494.18", to a point; thence with a bearing of N 2"14'27" E, and a distance of 284.18', to a point; thence with a bearing of N 17°02'18" W, and a distance of \$59.57', to a point; thence with a bearing of S 42°32'37" W, and a distance of 622.83', to a point; thence with a bearing of S 9°40'25" E, and a distance of 284.71', to a point; thence with a bearing of S 27°07'24" W, and a distance of 3264.24', to a point; thence with a bearing of S 3"29'52" W, and a distance of 2065.35", to a point in Hwy 97; thence with said Hwy a bearing of N 70°17'05" W, and a distance of 1006.07, to a point; thence with a bearing of N 5°53'02" E, and a distance of 3190.38", to a point:

1870.97@XHIBIT A INTERSTATE LAND AND TIMBER LLC TO RIXKY CREEK.

thence with a bessing of S 60°12'58" W, and a distance of 886.27, to a point; thence with a bearing of N 21°56'26" W, and a distance of 833.00', to a point; thence with a bearing of S 66°00'08" E, and a distance of 446.00', to a point; thence with a bearing of N 88\*44'52" E, and a distance of 209.00', to a point; thence with a bearing of N 48°44'52" E, and a distance of 71.00', to a point; thence with a bearing of S 86°15'08" E, and a distance of 177.00', to a point; thence with a bearing of N 52°29'52" E, and a distance of 242.00', to a point; thence with a bearing of N 85°44'52" E, and a distance of 125.00', to a point; thence with a bearing of N 59°14'52" E, and a distance of 145.00°, to a point; thence with a bearing of N 28°59'52" E, and a distance of 211.50', to a point; thence with a bearing of N 65°44'52" E, and a distance of 450.00', to a point; thence with a bearing of N 40°59'52" E, and a distance of 300.00', to a point; thence with a bearing of N 35°59'52" E, and a distance of 500.00', to a point; thence with a bearing of N 27°59'52" E, and a distance of 300.00', to a point; thence with a bearing of N 34°14'52" E, and a distance of 170.00, to a point; thence with a bearing of N 9°44'52" E, and a distance of 462.00°, to a point; thence with a bearing of N 59°44'52" E, and a distance of 66.20', to a point; thence with a bearing of N 47°38'26" W, and a distance of 898.63', to a point; thence with a bearing of N 51°39'10" W, and a distance of 990.75°, to a point; thence with a bearing of N 8°47'47" E, and a distance of 1556.87°, to a point; thence with a bearing of N 34°28'38" W, and a distance of 2442.16', to a point; thence with a bearing of N 19°23'16" E, and a distance of 999.75', to a point; thence with a bearing of N 71°36'44" W, and a distance of 321.00', to a point; thence with a bearing of N 85°36'44" W, and a distance of 373.00', to a point; thence with a bearing of S 77°20'10" W, and a distance of 865.76', to a point in Old Mill

thence with said road the following twenty (20) calls:

- 1) thence with a bearing of N 19°50'03" E, and a distance of 253.38', to a point;
- 2) thence with a bearing of N 28°40'28" E, and a distance of 227.00', to a point;
- 3) thence with a bearing of N 35°36'28° E, and a distance of 181.31', to a point;
- 4) thence with a bearing of N 40°16'28" E, and a distance of 451.00', to a point;
- 5) thence with a bearing of N 39°55'50" E, and a distance of 1310.19', to a point;
- 6) thence with an Arc to the Left, having a Radius of 1400.00', and a Length of 579.98', and being Chorded by a bearing of N 28"03'46" E, and a distance of 575.84' to a point;
- 7) thence with a bearing of N 16°11'41" E, and a distance of 632.65', to a point;
- 8) thence with an Arc to the Right, having a Radius of 1871.00, and a Length of 943.69, and being Chorded by a bearing of N 30°38'39° E, and a distance of 933.72' to a point;
- 9) thence with a bearing of N 45°05'37" E, and a distance of 1129.06', to a point;
- 10) thence with an Arc to the Left, having a Radius of 3180.00', and a Length of 431.34', and being Charded by a bearing of N 41°12'28" E, and a distance of 431.01' to a point;
- 11) thence with a bearing of N 37°19'19" E, and a distance of 819.98', to a point;
- 12) thence with an Arc to the Left, having a Radius of 1833.00', and a Length of 788.45', and being Chorded by a bearing of N 24°59'57" E, and a distance of 782.39' to a point;
- 13) thence with a bearing of N 12\*40'35" E, and a distance of 284.85', to a point;

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- 14) thence with an Arc to the Right, having a Radius of 3069.00', and a Length of 401.68', and being Chorded by a bearing of N 16°23'34" E, and a distance of 401.39' to a point;
- 15) thence with a bearing of N 20°10'32" E, and a distance of 1422.75', to a point;
- 16) thence with an Arc to the Right, having a Radius of 1083.00', and a Length of 840.21', and being Chorded by a bearing of N 42"24'04" E, and a distance of 819.30' to a point;
- 17) thence with a bearing of N 64°37'36" E, and a distance of 194.61', to a point;
- 18) thence with an Arc to the Left, having a Radius of 1424.00', and a Length of 1402.51', and being Chorded by a bearing of N 36°24'39" E, and a distance of 1346.51' to a point;
- 19) thence with a bearing of N 8°11'43" E, and a distance of 2152.77', to a point;
- 20) thence with an Arc to the Right, having a Radius of 1151.00', and a Length of 591.65', and being Chorded by a bearing of N 22°55'17" E, and a distance of 585.16' to the POINT OF BEGINNING and containing 2129.856 Acres.

The above-described property conveyed herein has the following derivation:

- Being a portion of the property conveyed to Interstate Land & Timber, LLC by Deed of Blue Sky Timber Properties, LLC dated October 28, 2003 and recorded in Deed Book 850 at Page 136 in the Office of the Clerk of Court for Chester County, South Carolina;
- 2. Being all of that certain tract of land conveyed to Interstate Land & Timber, LLC by Deed of John Hancock Life Insurance Company, dated January 11, 2006 and recorded January 25, 2006 in Deed Book 907 at Page 94 in the Office of the Clerk of Court for Chester County, South Carolina:
- 3. Being all that property conveyed to Interstate Land & Timber, LLC by Decd of Lamar H. Kelsey, III, Special Referee for Chester County, South Carolina, dated May 19, 2006 and recorded May 26, 2006 in Book 917 at Page 19 in the Office of the Clerk of Court for Chester County, South Carolina; and,
- 4. Being all of that tract of land conveyed to Interstate Land & Timber, LLC by Deed of John Hancock Life Insurance Company, dated Pebruary 18, 2004 and recorded March 15, 2004 in Book 860 at Page 74 in the Office of the Clerk of Court for Chester County, South Carolina.

Being a portion of Tax Parcel Number: 117-00-00-006.

### TRACT 1A

(Longview Enterprises, LLC to Rocky Creek Plantation, LLC)

Beginning at a pipe located at the southwesterly corner of that certain 241,53 acre, more or less, tract of land conveyed to Longview Enterprises Associates, LLC by Deed of Plum Creek Timberlands, L.P. by Deed dated December 22, 2006 and recorded in Book 932 at Page 43 in the Office of the Clerk of Court for Chester County, South Carolina, said pipe also being located at the southernmost corner of the aforementioned tract of land conveyed by Plum Creek Timberlands, L.P. and running thence from said Beginning Point North 37-26-54 East 28.43 feet to a point located in the westerly margin of the 330 foot wide right-of-way of Interstate 77; thence with the westerly margin of the right-ofway of Interstate 77 and with the arc of a circular curve to the right having a radius of 22,753.90 feet, an arc distance of 248.57 feet, said arc being subtended by a chord having a chord bearing of North 17-34-04 West and a chord distance of 248.57 feet; thesee continuing with the westerly margin of the right-of-way of I-77 North 17-52-50 West 1,659.70 feet to a rebar; thence South 42-46-19 West 574.06 feet to a point; thence South 10-28-34 East 316.48 feet to a point; thence South 32-28-34 East 730 feet to a point; thence South 45-58-34 East 706 feet to the point and place of beginning as shown on a survey of Carolina Surveyors, Inc. dated December 20, 2012.

And being a portion of the tract conveyed to Longview Enterprises Associates, LLC by Deed of Plum Creek Timberlands, L.P. by Deed dated December 22, 2006 and recorded in Deed Book 932 at Page 43 in the Office of the Clerk of Court for Chester County, South Carolina, said property being that portion of said tract located west of the westerly margin of Interstate 77.

Being a portion of Tax Parcel Number: 128-00-00-002.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 2145.21 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market

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Introduction

Area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The Subject Property is located on the west side of Interstate 77, south of Richburg in Chester County, South Carolina. The site contains 2145.21+- acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### Ownership

Rocky Creek Plantation, LLC

### *Improvements*

None

### **Taxes**

Individual lots were assessed at an average price of \$360. It was derived after an analysis of bulk lot assessments.

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Site Data

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 2145.21+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Sanibel Resort

Document ID: ECOVEST-DOJ 0012950

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Sanibel Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Sanibel Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

	Unencumbered	Acres	FMV	
	Before Value	28.53	\$54,798,677	
<u> </u>				

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Intal Affar Value — Land and Decarved Sites	28.53	\$264,222	
Total Aiter value – Land and Neserved Sites			

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	28.53	\$54,798,677	
Less			
Total After Value (Encumbered)	28.53	<u>\$264,222</u>	
Value of the Easement	rounded	\$54,534,000	

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these two sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- 2. I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 3. The statements of fact contained in this report are true and correct.
- 4. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 5. I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- 6. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- 7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 8. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 9. I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- 11. I am not, nor have I ever been, barred from testifying before the IRS.
- 12. I have prepared an appraisal of the Subject Property in the last five (5) years.
- 13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 14. As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- 15. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located off Old Sanders Drive, just

south of the Highway 31 and Robert Edge Parkway interchange, and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R2-A (Mid-Rise Multifamily Residential) and R4 (Resort

Residential)

**Site:** 28.53 Acres

Easement: 28.53 Acres

**Reserved:** One Residential Building Site and One Recreational

**Building Site** 

Total: 28.53 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1088 of 1318 Excerpts from Sanibel Resort Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

## Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

ALL THAT CERTAIN PARCEL COMPRISED OF A PORTION OF TAX MAP NUMBERS 144-00-01-018, -012 & -122. SAID PARCEL DEFINED ON PLAT RECORDED WITH THE HORRY COUNTY REGISTER OF DEEDS IN PLAT BOOK 267, PAGE 180 BEGINING AT A POINT ON THE NORTHEASTERN CORNER OF SAID PARCEL, POINT BEING MARKED BY 5/8" IRON REBAR AND HAVING SC STATE PLANE COORDINATES OF" NORTHING-736085.73 AND EASTING-2700206.06. THENCE A LINE BORDERED ON THE EAST BY LANDS NOW OR FORMERLY OWNED BY DIVERSIFIED EXECUTIVE, MB, LLC THE FOLLOWING BEARINGS AND DISTANCES:

S 08° 48' 33" E 931.42' TO A 1/2" IRON PIPE

S 12° 22' 03" E 187.61' TO A 1/2" IRON PIPE

S 12° 41' 23" E 49.06' TO A 5/8" IRON REBAR (L17)

THENCE LINE PROCEEDS TO THE WEST BORDERED TO THE SOUTH BY THE ATLANTIC INTRACOASTAL WATERWAY AND TO THE NORTH BY THE SUBJECT PARCEL, THE FOLLOWING BEARINGS AND DISTANCES:

S 69° 30' 01" W 248.34' TO A 5/8" IRON REBAR

S 69° 26' 52" W 574.86' TO A 5/8" IRON REBAR

N 20° 33' 05" W 29.99" TO A 5/8" IRON REBAR (118)

S 69° 27' 09" W 75.57' TO A 5/8" IRON REBAR (119)

S 69° 28' 33" W 36.52' TO A 5/8" IRON REBAR (L20)

THENCE LINE TURNS TO THE NORTH AND IS BORERED ON THE WEST BY LANDS NOW OR FORMERLY OWNED BY SANIBEL HARBOUR, LLC AND TO THE EAST BY THE SUBJECT PARCEL. SAID LINE PROCEEDS THE FOLLOWING BEARINGS AND DISTANCES:

N 60° 17' 59" W 183.46 TO A 1/2" IRON REBAR

N 15° 46' 42" W 88.63' TO A 1/2" IRON REBAR (L21)

N 04° 04' 48" W 56.98' TO A 5/8" IRON REBAR (L22)

N 10° 20' 54" W 39.05' TO A 5/8" IRON REBAR (L23)

N 25° 47' 26" W 56.66' TO A 1/2" IRON REBAR (L24)

N 13° 27' 44" W 76.24' TO A 1/2" IRON REBAR (L25)

N 17° 39' 11" W 97.57' TO A 1/2" IRON REBAR (L26)

N 12° 16' 10" W 88.89' TO A 1/2" IRON REBAR (L27) N 14° 59' 54" E 76.73' TO A 5/8" IRON REBAR (L28)

NI 000 001 5511 E (0.441 EQ. A. 5/011 ED ON DED AD (1.20)

N 03° 03' 55" E 68.44' TO A 5/8" IRON REBAR (L29)

N 18° 16' 26" W 54.65' TO A 5'/8" IRON REBAR (L30) N 07° 01' 54" E 55.53 TO A 5/8" IRON REBAR (L31)

N 18° 16' 26" W 165.29' TO A 1/2" IRON REBAR

N 72° 01' 42" E 56.76' TO A 5/8" IRON REBAR (L1)

N 81° 17' 52" E 64.73' TO A 5/8" IRON REBAR (L2)

N 64° 47' 30" E 29.40' TO A 5/8" IRON REBAR (L3)

N 64° 47' 30" E 51.32' TO A 5/8" IRON REBAR (L4)

N 53° 06' 21" E 37.13' TO A 5/8" IRON REBAR (L5)

S 52° 52' 17" E 21.54' TO A 5/8" IRON REBAR (L6)

N 81° 54' 27" W 20.11' TO A 5/8" IRON REBAR (L7)

N 64° 51' 43" E 38.70' TO 5/8" IRON REBAR (L8)

N 41° 29' 19" E 29.66' TO A 5/8" IRON REBAR (L9)

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N 22° 51' 47" E 89.98' TO A 5/8" IRON REBAR (L10)

N 19° 44' 42" E 61.88' TO A 5/8" IRON REBAR (L11)

N 12° 13' 58" E 42.36' TO A 5/8" IRON REBAR (L12)

N 01° 55' 38" W 24.24' TO A 5/8" IRON REBAR (L13)

N 16° 24' 28" W 47.74' TO A 5/8" IRON REBAR (L14)

THENCE THE LINE IS BORDERED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY PERMENTER BROTHERS HOLDINGS, LLC AND TO THE SOUTH BY SUBJECT PARCEL.

N 80° 30' 19" E 139.23' TO A 5/8" IRON REBAR

N 80° 30' 19" E 21.90' TO 5/8" IRON REBAR (L15)

N 80° 30′ 19" E 28.10" TO A 5/8" IRON REBAR (L16)

N 80° 30' 19" E 133.50' TO A 5/8" IRON REBAR

N 80° 30' 19" E 340.17' TO A 5/8" IRON REBAR

SAID REBAR BEING THE POINT OF BEGINING

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 28.53 acres.

There are several methods of valuing vacant land.

- 1. Sales Comparison Approach
- 2. Land Residual Method (DCF) (Developers method)
- 3. Extraction
- 4. Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

## **Identification of the Subject Property**

The Subject Property is located off Old Sanders Drive, just south of the Highway 31 and Robert Edge Parkway interchange, and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 28.53 acres.

## **Prior Sales History**

There has been no sale involving the tract within the last three years. The Subject is not listed for sale.

## Ownership

Sanibel Harbour, LLC

## **Improvements**

None

## **Taxes**

			gissoliikoosoo
Dwner Data:		2015 Parcel Values:	
7845	1840000122	Residential Cana	\$0.00
Pity	349000000019	Residential Improved Land	<b>\$</b> 0.00
Legal Cavaription	SARUBUL HARBOUR, PHIONE 18	Sacra Lacció	\$0.00
		Carrii Improved	\$0.00
Quarter	SAMESE PAREOUR U.C	Sam Que	\$0.30
Billing Street	10006-6001-AV48-%	Other Land	\$6,33,278,38
Billing City	NOASH MYRELE BEACH	Other interoved	\$0.36
Billing State	9C		\$6.33.278.38
Billing Sig	Sing Xia 29582-3319	\$100,000 min 100,000	
District	550 - N NYRTU BSACH		
\$1000X	3419	Market Values	
Page	3.838	Revidential Lunci	\$9.60
1387		Residential Building	\$8.60
		Farris Laveit	39.00
		farm Building	\$8.00
		Other Land	3973,600.00
		Other Building	¥9.66
		Yestel Mindoot Value	\$303,600,00

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Site Data

- 1. According to the current owner, there are no environmental issues or problems concerning the subject land.
- The physical inspection of the Subject Property provided no indications of environmental 2. issues concerning the property. However, the appraiser is not trained in the detection of such materials.
- 3. For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The Subject Property is not considered to be located in an earthquake hazard or other 4. hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

## Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk": 5.

On-Site: No; Adjacent: No

Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon 6. drums which may contain hazardous materials:

On-Site: No; Adjacent: No

- Observed staining of soils: On-Site: No; Adjacent: No 7. Observed distressed vegetation:
  - On-Site: No; Adjacent: No
- Observed evidence of activities which may involve the use, handling, or disposal of 9. hazardous materials "in bulk":

On-Site: No; Adjacent: No

10. Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

8.

The Subject Property consists of approximately 28.53 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Santo Bay Resort

Document ID: ECOVEST-DOJ 0170095

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Santo Bay Resort LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Santo Bay Resort, LLC 461.64-acre tract, Calhoun County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of Texas for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

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advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 27, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 27, 2017 is:

Unencumbered	Acres	FMV
Before Value	461.64	\$77,166,188

The value of the Subject Property, subject to a perpetual conservation easement as of December 27, 2017 is:

Encumbered	Acres	FMV	
Total After Value	461.64	@1 151 N1Q	
1			

The value of the easement gift as of December 27, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	461.64	\$77,166,188
Less		
Total After Value (Encumbered)	461.64	<u>\$1,151,018</u>
Value of the Easement	rounded	\$76,015,000

The encumbered property also includes one (1) reserved building zone that allows for one home site. This site allows for one residence and one additional residence that can be no more than ½

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the size of the main residence, basically a mother-in-law cottage. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement; therefore, I feel this site requires an additional value over that of the per acre value of the encumbered property. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided to value this building area at \$5,000 per acre, or \$20,000. This value will be added to the indicated fair market value of the encumbered property. There is no enhancement.

he attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TX License #TX 4154 State Certified General Real Property Appraiser

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## **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of the storm on the prospective projects.

ECOVEST-DOJ\_0170099

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## CLARK ~ DAVIS, P.C. REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

September 8, 2017

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- \* Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- \* Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Santo Bay Resort will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

JWJ WX

Claud Clark III

## RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 29, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Santo Bay, Hurricane Harvey and the Texas Coastal Market

Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development of Santo Bay include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019, and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue.

Sincerely,

Ralph S. Bowden

Ralph S Bowden

President

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications
  (background, experience, education and membership in professional associations), I am qualified to make appraisals of real
  property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TX License #TX 4154 State Certified General Real Property Appraiser

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## **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The subject is located on the south side of State Highway

185 and north of the Intracoastal Waterway, just west of

Port O'Connor, Calhoun County, Texas.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** June 13, 2017

**Date of Value Estimates:** December 27, 2017

**Date of Donation** December 27, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 461.64 Acres

**Easement:** 461.64 Acres

**Reserved:** One Reserved Building Zone located within the easement

**Total:** 461.64 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with one 4-acre

building zone

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

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### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement, or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

## Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

**EXHIBIT** "A"

#### 461.64 ACRES

THE STATE OF TEXAS}
THE COUNTY OF CALHOUN}

**BEING** a 461.64 acre tract of land situated in a portion of the Cleto Garcia Survey, Abstract No. 14 and a portion of the Faustino Albarado Survey, Abstract No. 1, Calhoun County, Texas, being comprised of portions of Lot 3, Section 1; Lot 4, Section 2; Lots 1 & 4, Section 5, Lots 2 & 3, Section 6; Lots 2 & 3, Section 7; and Lots 1 & 2, Section 8, Block "B" of the Calhoun County Cattle Company Subdivision of the Port O'Connor Pasture Plat of said subdivision recorded in Volume 1, Page K, of the Deed Records, Calhoun County, Texas, and being a part of that remaining called 12,228.52 acre tract of land as described by Special Warranty Deed with Vendor's Lien dated March 27, 2015, conveyed from Texas Ranch Holdings, LLC to Texas Coastal Ranches, inc. as recorded in Instrument No. 142897 of the Official Public Records, Calhoun County, Texas, said 461.64 acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the south line of State Highway No. 185 (a Variable Width Right-of-Way), being along the north line of the aforesaid 12,228.52 acre tract, same being the north line of a Right-of-Way Easement, described as Part II, a called 8.163 acre tract of land, conveyed to the State of Texas as recorded in Volume 263, Page 509 of the Deed Records, Calhoun County, Texas for the northeast corner of the herein described tract, from which a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the northwest corner of a called 399.19 acre tract of land conveyed to TCR Land Holdings, LLC as recorded in Instrument No. 149121 of the Official Public Records, Calhoun County, Texas bears North 83°58'28" East, a distance of 3547.94 feet;

**THENCE**, South 25"50'49" East, departing the south right-of-way line of said State Highway No. 185, over and across said 12,228.52 acre tract, a distance of 9839.76 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner of the herein described tract;

**THENCE**, 5.64°09'11" W, continuing across said 12,228.52 acre tract, a distance of 575.00 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an interior corner for the herein described tract;

**THENCE**, S 25°50'49" £, continuing across said 12,228.52 acre tract, a distance of 750.00 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an interior corner for the herein described tract;

**THENCE.** N 64°09'11" E, continuing across said 12,228.52 acre tract, a distance of 450.00 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner for the herein described tract;

**THENCE**, S 25°50'49" E, continuing across said 12,228.52 acre tract, at a distance of 1203.29 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance of 1504.39 feet to a point along the southeasterly line of said 12,228.52 acre tract marking the southeast corner of the herein described tract;

**THENCE**, South 62°05'55" West, along the southeasterly line of said 12,228.52 acre tract, a distance of 1544.86 feet to a point along the southeasterly line of said 12,228.52 acre tract and being the southeast

Page 1 of 2

### EXHIBIT "A"

corner of a called 333.33 acre tract of land conveyed to Mike C. Williams as recorded in Instrument No. 143573 of the Official Public Records, Calhoun County, Texas marking the south most corner of the herein described tract;

THENCE, N 25°50'49" W, over and across said 12,228.52 acre tract, with the northeast lines of the aforesald 333.33 acre tract and a called 1290.82 acre tract of land conveyed to Banrich, Inc. as recorded in Instrument No. 139824 of the Official Public Records, Calhoun County, Texas, at a distance of 335.02 feet passing a found 5/8" steel rebar with yellow cap stamped "URBAN SURVEYING, INC.", continuing at a distance of 3849.44 feet passing a found 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the north corner of said 333.33 acre tract, same being the east most corner of a 100-foot Roadway Easement as described by instrument recorded in Instrument Nos. 142554, 142846, & 142896 of the Official Public Records, Calhoun County, Texas, continuing at a distance of 12737.24 feet passing a found 5/8" steel rebar with yellow cap stamped "URBAN SURVEYING, INC." along the south line of the aforesaid Right-of-Way Easement, and continuing for a total distance of 12751.06 feet to a found 5/8" steel rebar with yellow cap stamped "URBAN SURVEYING, INC." marking the northeast corner of the aforementioned 1290.82 acre tract for the northwest corner of the herein described tract;

THENCE, North 83°58'28" East, along the south right-of-way line of said State Highway No. 185, with the north line of said 12,228.52 acre tract and said Right-of-Way Easement, a distance of 1773.97 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 463.64 acre tract of land, more or less

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in May, 2017 and are true and correct to the best of my

knowledge and belief.

05/26/2017

Urban Surveying, Inc. By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 6616

521864.02 - Tract 3: 461.64 Acres

Page 2 of 2

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Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 461.64 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction

Area Data

## Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales

Area Data

## **Identification of the Subject Property**

The subject is located off of State Highway 185 (Adams Street) and north of the Intracoastal Waterway, just west of Port O'Connor, Calhoun County, Texas. The site contains 461.64 acres.

## **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

## **Ownership**

Santo Bay Resort, LLC

**Improvements** 

None

Taxes

Site Data

## Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 461.64 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Seavista Resort

Document ID: ECOVEST-DOJ\_0026636

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

Seavista Resort, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

Seavista Resort

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1121 of 1318 Excerpts from Seavista Resort Appraisal

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV
Before Value	29	\$55,379,424

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

Encumbered	Acres	FMV	
Total After Value – Land and Reserved Sites	29	Ψ <u>-</u>	

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	29	\$55,379,424
Less		
Total After Value (Encumbered)	29	<u>\$264,950</u>
Value of the Easement	rounded	\$55,114,000

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. These sites remain part of the eased property and, therefore are subject to the rules and restrictions of the easement; however, these two sites do have limited building rights, as defined in the easement, and as such, retain a value above that of the per acre value of the property once it is encumbered. These sites are not build ready and would incur development costs. There is no enhancement. This valuation is detailed in the After Section of this appraisal report.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

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Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

SC License #AB 6768 CG

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows,
  or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty
  under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III

State Certified General Real Property Appraiser

SC License #AB 6878 CG

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## Summary of the Appraisal

Conservation Easement **Property Type:** 

Location: The Subject Property is located off Robert Edge Parkway,

> just southwest of the Highway 31 and Robert Edge Parkway interchange, and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South

Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

To estimate the market value of a conservation easement. **Function of the Appraisal:** 

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation** December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

> Fee Simple Interest Subject to Easement After:

**Zoning:** Combination of R-2A (Mid-Rise Multifamily Residential

District) and R-4 (Resort Residential District)

Site: 29 Acres

29 Acres **Easement:** 

Reserved: One Residential Building Site and One Recreational

**Building Site** 

**Total:** 29 Acres

**Improvements:** None

**High and Best Use** Before: Residential Development of Site as Though Vacant: Recreational / Green Space After:

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

> EIN 63-1075275 Clark ~ Davis, PC

## **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### Limited Use of Exhibits

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1129 of 1318 Excerpts from Seavista Resort Appraisal

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1130 of 1318 Excerpts from Seavista Resort Appraisal

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

ALL THAT CERTAIN PARCEL AS SHOWN ON A PLAT ENTITLED"BOUNDARY/SUBDIVISON SURVEY OF A PORTION OF PERMENTER BROTHERS HOLDING, LLC FOR PERMENTER BROTHERS HOLDINGS, LLC" DATED AUGUST 28, 2015, BY THE BRIGMAN COMPANY AND RECORDED IN THE HORRY COUNTY REGSITER OF DEEDS OFFICE IN PLAT BOOK 267, PAGE 264.

BEGINIING AT A POINT ON THE NORTH EASTERN CORNER OF SAID PARCEL, POINT BEIGN MARKED BY A 5/8" IRON REBAR AND HAVING SOUTH CAROLINA STATE PLANE COORDINATES OF N-735,617.01 AND E-2,699,189.25. THENCE A LINE BORDERED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY SANIBEL RESORTS THE FOLLOWING BEARING S AND DISTANCES:

```
S 18° 16' 26" E 128.68' TO A 5/8" IRON REBAR
```

- S 18° 16' 25" E 36.61' TO A 5/8" IRON REBAR (L48)
- S 07° 01' 50" W 15.14' TO A 5/8" IRON REBAR (L49)
- S 07° 01' 55" W 40.39' TO A 5/8" IRON REBAR (L50)
- S 18° 16' 26" E 54.65' TO A 5/8" IRON REBAR (L51)
- S 03° 03' 55" W 68.44' TO A 5/8" IRON REBAR (L52)
- S 14° 59' 54" W 76.73' TO A 5/8" IRON REBAR (L53)
- S 12° 16' 10" E 88.89' TO A 5/8" IRON REBAR (L54)
- S 17° 39' 11" E 97.57' TO A 1/2" IRON REBAR (L55)
- S 13° 27' 44" E 76.24' TO A 1/2" IRON REBAR (L56)
- S 25° 47' 26" E 56.66' TO A 5/8" IRON REBAR (L57)
- S 10° 20' 54" E 39.05' TO A 5/8" IRON REBAR (L58)
- S 04° 04' 48" E 56.98' TO A 1/2" IRON REBAR (L59)
- S 15° 46' 42" E 88.63' TO A 1/2" IRON REBAR (L60)
- S 60° 17' 59" E 183.46' TO A 5/8" IRON REBAR

THENCE A LINE BORDERED TO THE SOUTH BY THE ATLANTIC INTRACOASTAL WATERWAY THE COLLOWING BEARINGS AND DISTANCES:

- S 69° 27' 08" W 937.67' TO A 5/8" IRON REBAR
- S 69° 29' 18" W 39.87' TO A 5/8" IRON REBAR

THENCE A LINE BORDERED TO THE WEST BY PROPERTY NOW OR FORMERLY OWNED BY PERMENTER BROTHERS HOLDINGS, LLC THE FOLLOWING BEARING AND DISTANCE:

N 23° 32' 25" W 1749.49' TO A 5/8" IRON REBAR

THENCE A LINE BORDERED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY PERMENTER BROTHERS HOLDINGS, LLC THE FOLLOWING BEARINGS AND DISTANCES:

- S 39° 18' 39" E 12.74' TO A CALCULATED POINT (L1)
- S 58° 05' 35" E 28.97' TO A CALCULATED POINT (L2)
- S 63° 15' 44" E 28.18' TO A CALCULATED POINT (L3)
- S 64° 05' 18" E 30.98' TO A CALCULATED POINT (L4)
- S 57° 23' 29" E 29.39' TO A CALCULATED POINT (L5)
- S 75° 47' 04" E 37.18' TO A CALCULATED POINT (L6)
- S 78° 46' 50" E 33.56' TO A CALCULATED POINT (L7)
- S 80° 14' 53" E 30.58' TO A CALCULATED POINT (L8)

```
N 81° 11' 10" E 43.73' TO A CALCULATED POINT (L9)
S 61° 10' 34" E 30.64' TO A CALCULATED POINT (L10)
S 56° 18' 53" E 32.36" TO A CALCULATED POINT (L11)
S 57° 06' 18" E 27.58' TO A CALCULATED POINT (L12)
S 76° 12' 04" E 27.50' TO A CALCULATED POINT (L13)
S 68° 45' 53" E 23.30' TO A CALCULATED POINT (L14)
S 73° 34' 25" E 29.78' TO A CALCULATED POINT (L15)
S 74° 35' 11" E 38.34' TO A CALCULATED POINT (L16)
S 80° 29' 40" E 26.10' TO A CALCULATED POINT (L17)
S 74° 44′ 52" E 33.49′ TO A CALCULATED POINT (L18)
S 75° 41' 44" E 23.31' TO A CALCULATED POINT (L19)
S 73° 54" 09" E 22.25' TO A CALCULATED POINT (L20)
S 52° 00' 25" E 22.14' TO A CALCULATED POINT (L21)
S 44° 58' 59" E 23.82' TO A CALCULATED POINT (L22)
S 53° 40; 03" E 26.23' TO A CALCULATED POINT (L23)
S 62° 17' 34" E 27.59" TO A CALCULATED POINT (L24)
S 63° 06' 32" E 24.36' TO A CALCULATED POINT (L25)
S 67° 13' 05" E 24.20' TO A CALCULATED POINT (L26)
S 67° 45" 52" E 23.04' TO A CALCULATED POINT (L27)
S 75° 16' 23" E 26.16' TO A CALCULATED POINT (L28)
S 80° 47' 37" 3 33.50' TO A CALCULATED POINT (L29)
S 80° 28' 21" E 21.69' TO A CALCULATED POINT (L30)
S 67° 52' 13" E 22.03' TO A CALCULTED POINT (L31)
S 64° 58' 49" E 115.54' TO A CALCULATED POINT (L32)
S 70° 35' 35" E 14.19' TO A CALULATED POINT (L33)
S 77° 13' 01" E 22.73' TO A CALCULATED POINT (L34)
S 84° 10' 45" E 26.92' TO A CALCULATED POINT (L35)
S 89° 46' 26" E 30.41' TO A CALCULATED POINT (L36)
N 86° 55' 49" E 29.13' TO A CALCULATED POINT (L37)
N 83° 53' 16" W 42.17' TO A CALCULATED POINT (L38)
N 82° 29' 22" E 34.27' TO A CALCULATED POINT (L39)
N 81° 19' 57" E 35.43' TO A CALCULATED POINT (L40)
N 65° 24' 33" E 26.48' TO A CALCULATED POINT (L41)
N 65° 43' 56" E 28.00' TO A CALCULATED POINT (L42)
N 62° 37' 59" E 33.87' TO A CALCULATED POINT (L43)
N 59° 46' 11" E 25.18' TO A CALCULATED POINT (L44)
N 64° 28' 44" E 23.07' TO A CALCULATED POINT (L45)
N 77° 24' 32" E 20.96' TO A CALCULATED POINT (L47)
THENCE BACK TO POINT OF BEGINING. TRACT CONTAINS 29.03 ACRES
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## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1133 of 1318 Excerpts from Seavista Resort Appraisal

Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 29 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1134 of 1318 Excerpts from Seavista Resort Appraisal

Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or

Introduction

## Identification of the Subject Property

The Subject Property is located off Robert Edge Parkway, just southwest of the Highway 31 and Robert Edge Parkway interchange, and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 29 acres.

## **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

## Ownership

Permenter Brothers Holdings, LLC

## **Improvements**

None

### **Taxes**

Кесала Туре:	
	County Tax:
Resil Estate	\$125.76
Map Number:	City Tax:
144-00-01-018	\$6.50
Tax (0):	Other Fees:
Market Value	\$84.00
33,340	Residential Exemption
A	30.00
	Homestead Exemption
	\$0.00
	Other Exemptions:
	SCCO
	Local Option Credit:
	Penalty:
	\$12.54
	Cost:
	\$0.00
	Total Taxes:
	3221.98
	144-50-01-018 Tax ID: Market Value:

Site Data

## Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.

• The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

### Environmental Checklist:

Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 29 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Shining Star

Document ID: ECOVEST-DOJ 0333870

## CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

\* Certified in AL, FL, MS, GA, CO † Certified in AL, GA

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

June 1, 2013

Mr. Tom Vande Guchte, Manager Shining Star Properties XI, LLC 1000 Las Brisas Court Wake Forest, NC 27587

RE: Conservation Easement Shining Star

Caswell County, NC

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

## To Whom It May Concern:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317 I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 27, 2012, and before the subject property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	507.57	\$5,270,341
·		

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 27, 2012 is:

	Acres	Value/Acre	FMV	
	497.55	\$1,500	\$/46 325 B	

The value of the easement gift as of December 27, 2012 is as follows and is based upon the before and after method.

The subject property has one (1) reserved site. While this site cannot claim ownership of the conservation easement area, it may enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 20% enhancement to the reserved lot.

The property is also improved with a 3 bedroom/3bathroom residence in average condition that is valued by the tax assessor at \$166,801. In the Highest and Best use of the Before state, the improvements will be removed and thus have no value. In the Highest and Best use of the After state, the improvements retain the value assessed by the tax assessor and are thus deducted accordingly on the following page.

	Acres	Value/Acre	FMV
Before Value	507.57		\$5,270,341
Less			
After Value (Encumbered)	497.55	\$1,500	\$746,325
Reserved Building Area	10.02	\$3,000	\$30,060
20% Enhancement on Reserved Land			\$6,012
Present Improvements			<u>\$166,801</u>
Value of the Easement		rounded	\$4,321,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III NC License #A7692 State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as
  described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.

UW II

- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III NC License #A7692 State Certified General Real Property Appraiser

## Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1144 of 1318 Excerpts from Shining Star Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Worsham Road outside Ruffin in

Caswell County, North Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** June 1, 2013

**Date of Value Estimates:** December 27, 2012

**Date of Donation** December 27, 2012

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 507.57 +- Acres

**Easement:** 497.55 +- Acres

**Reserved:** 10.02 Acres

**Total:** 507.57 +- Acres

**Improvements:** Residence, Old Barn/Shed, Jeep/ATV Trails

High and Best Use

of Site as Though Vacant:

Before: Residential Development

After: Hunting or Recreational Use

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Alabama or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

## Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

Legal Description

Orientation of the following description is magnetic north per Map Book 11, page 62. Calls are from maps referenced at the end of this description.

Beginning at an existing iron having coordinates of NORTHING=976,565.36, EASTING=1,851,742.24 (NSRS2007) with a combined scale factor=1.0000625386; thence with a bearing of N 04°23'20" E a distance of 3818.35 feet to an existing iron having coordinates of NORTHING=980,205.31, EASTING=1,851,801.00 (NSRS2007) with a combined scale factor=1.0000625386;

thence with a bearing of N 04°23'20" E passing a new iron pin at 687.20 feet for a total distance of 715.40 feet to a point in Hogan's Creek;

thence with a bearing of N 84°24'13" E a distance of 48.77 feet to a point in Hogan's Creek; thence with a bearing of S 60°37'27" E a distance of 76.87 feet to a point in Hogan's Creek; thence with a bearing of S 79°22'07" E a distance of 120.79 feet to a point in Hogan's Creek; thence with a bearing of N 80°19'59" E a distance of 171.09 feet to a point in Hogan's Creek; thence with a bearing of N 73°34'25" E a distance of 184.44 feet to a point in Hogan's Creek; thence with a bearing of N 59°19'08" E a distance of 152.13 feet to a point in Hogan's Creek; thence with a bearing of N 75°00'17" E a distance of 182.36 feet to a point in Hogan's Creek; thence with a bearing of N 83°12'51" E a distance of 62.43 feet to a point in Hogan's Creek; thence with a bearing of N 73°07'35" E a distance of 102.17 feet to a point in Hogan's Creek; thence with a bearing of N 56°35'32" E a distance of 109.22 feet to a point in Hogan's Creek which is

N 10°04'49" E a distance of 30.67 feet from an existing iron pin;

thence continuing with the center of Hogan's Creek and witnessed by various computed points on the south bank of said creek 10 courses:

```
N 41°58'14" E a distance of 20.96 feet to a point;
N 59°06'20" E a distance of 210.86 feet to a point;
N 23°57'52" E a distance of 212.53 feet to a point;
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N 23°57'52" E a distance of 212.53 feet to a point; N 63°05'09" E a distance of 345.02 feet to a point;

N 84°24'39" E a distance of 154.05 feet to a point;

N 89°27'13" E a distance of 305.70 feet to a point;

N 86°26'32" E a distance of 154.66 feet to a point;

S 68°06'43" E a distance of 116.51 feet to a point;

S 70°03'01" E a distance of 156.60 feet to a point;

S 72°37'17" E a distance of 271.78 feet to a point being in John's Branch and offset south of Hogan's Creek referencing the center of Hogan's Branch and John's Branch as the property line;

Thence continuing with the center of John's Branch 39 courses:

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S 24°38'51" E a distance of 106.00 feet to a mathematical point;
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S 21°19'27" W a distance of 55.81 feet to a mathematical point;

S 35°19'11" E a distance of 29.35 feet to a mathematical point;

S 05°45'29" W a distance of 104.98 feet to a mathematical point;

S 22°22'02" E a distance of 51.98 feet to a mathematical point;

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S 06°08'34" E a distance of 162.65 feet to a mathematical point;
S 06°58'05" W a distance of 72.81 feet to a point;
S 13°21'30" W a distance of 35.80 feet to a mathematical point;
S 15°27'15" E a distance of 31.97 feet to a mathematical point;
S 34°54'31" W a distance of 58.64 feet to a mathematical point;
S 03°19'42" E a distance of 139.90 feet to a mathematical point;
S 24°47'08" E a distance of 55.05 feet to a mathematical point;
S 15°20'23" W a distance of 48.84 feet to a mathematical point;
S 28°43'09" E a distance of 84.72 feet to a mathematical point;
S 66°24'57" E a distance of 89.50 feet to a mathematical point;
S 15°23'52" E a distance of 120.41 feet to a mathematical point:
S 15°22'02" E a distance of 96.65 feet to a mathematical point;
S 38°08'52" E a distance of 77.88 feet to a mathematical point;
S 09°41'28" W a distance of 52.56 feet to a mathematical point;
S 06°09'23" E a distance of 91.17 feet to a mathematical point;
S 20°06'07" E a distance of 49.70 feet to a mathematical point;
S 23°00'55" W a distance of 59.98 feet to a mathematical point;
S 31°48'32" E a distance of 44.76 feet to a mathematical point;
S 03°33'54" E a distance of 133.91 feet to a mathematical point;
S 08°40'56" E a distance of 172.40 feet to a mathematical point;
S 32°59'23" W a distance of 31.81 feet to a mathematical point;
S 04°01'08" E a distance of 136.72 feet to a point:
S 06°47'20" E a distance of 125.27 feet to a mathematical point;
S 21°18'47" W a distance of 22.93 feet to a mathematical point;
S 45°41'40" E a distance of 48.25 feet to a mathematical;
S 02°55'04" W a distance of 153.05 feet to a mathematical point;
S 04°14'37" E a distance of 258.55 feet to a mathematical point;
S 09°17'46" E a distance of 110.53 feet to a mathematical point;
S 26°56'52" W a distance of 17.29 feet to a mathematical point;
S 07°45'29" E a distance of 109.83 feet to a mathematical point;
S 05°27'07" E a distance of 77.98 feet to a mathematical point;
S 04°20'34" E a distance of 251.71 feet to a mathematical point;
S 39°26'32" E a distance of 15.38 feet to an existing iron;
S 29°13'12" E a distance of 96.33 feet to a mathematical point being the
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intersection of a branch from the southeast;

Thence continuing with the center of John's Branch 14 courses:

```
S 20°10'34" W a distance of 113.13 feet to a mathematical point;
S 35°45'14" W a distance of 205.61 feet to a mathematical point;
N 74°38'37" W a distance of 110.56 feet to a mathematical point;
S 36°45'05" W a distance of 97.82 feet to a mathematical point;
S 08°37'18" E a distance of 115.72 feet to a mathematical point;
S 22°15'47" W a distance of 105.43 feet to a mathematical point;
S 49°20'17" W a distance of 149.55 feet to a mathematical point;
S 12°58'35" W a distance of 251.31 feet to a mathematical point;
S 28°48'39" W a distance of 255.00 feet to a mathematical point;
S 46°48'42" W a distance of 268.28 feet to a mathematical point;
S 39°16'52" W a distance of 420.24 feet to a mathematical point;
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```
S 84°33'53" W a distance of 126.73 feet to a mathematical point; S 12°23'05" W a distance of 225.11 feet to a mathematical point; S 16°39'24" E a distance of 158.82 feet to a mathematical point;
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thence following the old stream course to the southwest with a bearing of S 36°46'01" W a distance of 108.79 feet to an existing iron which is S 58°50'39" E a distance of 185.61 feet from an existing iron;

thence following the old stream course with a bearing of S 23°48'08" W a distance of 160.32 feet to an existing iron;

thence following the old stream course with a bearing of S 11°04'49" E a distance of 222.10 feet to an existing iron in John's Branch;

thence a line in the general direction of John's Branch but not following with a bearing of S 09°01'12" E a distance of 1893.84 feet to an existing iron;

thence with a bearing of N 85°55'27" W a distance of 1929.21 feet to a point 4.05 feet south of an existing iron;

thence with a bearing of N 85°55'27" W a distance of 899.44 feet to an existing iron; thence with a bearing of N 03°01'01" E a distance of 328.66 feet to an existing iron; thence with a bearing of N 87°03'26" W a distance of 487.15 feet to a mathematical point in Worsham Road which is S 86°58'38" W a distance of 173.67 feet from an existing iron west of Worsham Road:

thence continuing with Worsham Road 7 courses:

```
N 31°13'34" E a distance of 240.97 feet to a mathematical point; N 13°35'34" E a distance of 674.31 feet to a mathematical point; N 07°57'34" E a distance of 464.85 feet to a mathematical point; N 15°56'34" E a distance of 207.42 feet to a mathematical point; N 05°54'34" E a distance of 194.82 feet to a mathematical point; N 43°38'34" E a distance of 82.31 feet to a mathematical point; N 82°26'34" E a distance of 147.51 feet to a mathematical point;
```

thence leaving Worsham Road with a bearing of N 02°56'38" E a distance of 40.00 feet to an existing iron;

thence with a bearing of N  $02^{\circ}56'38''$  E a distance of 153.02 feet to the point of beginning containing 507.6 acres more or less according to deeds and recorded plats (Map Book 15, page 963 and Map Book 15 page 679).

Introduction

The highest and best use analysis is then completed (Step 3). This analysis addresses the site as if vacant and as improved, if improved.

An opinion of the land value is then developed and comprises the fourth step. Value of the land may be processed through the use of comparable sales and in the case of improved property; this process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

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Introduction

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I performed a diligent search for comparable land sales that met the requirements for a successful development such as the Subject Property, and did not find any.

### Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Rivers, Mountains, Bluffs). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF, income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for outdoor recreation oriented subdivisions that offer amenities such as lakes or rivers, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for development, such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of significance is proximity to other recreational features such as national and state forests and parks. The specific parks and forests will be discussed in the DCF explanation later in the report.

Extraction and Allocation are methods that involve improved properties and they are not appropriate in this case.

Introduction

### Identification of the Subject Property

The subject property consists of one parcel located off Worsham Road outside Ruffin in Caswell County, North Carolina. The site contains 507.57 +- acres.

### **Prior Sales History**

The property was sold by the MacKenzie Family Trust, LLC to Shining Star Properties XI, LLC on October 7, 2011 for \$1,862,500. A copy of this deed is located in the addenda.

### **Ownership**

Shining Star Properties XI, LLC

#### **Taxes**

Property Card 0006,00,00,0024,0000

http://arcims.webgis.net/nc/caswell/propCard.asp?pid=0006.00.00.0024.0000

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#### *Improvements*

3 bedroom/3 bathroom residence in average condition and an old barn/shed

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Site Data

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

#### Conclusion:

The subject property consists of approximately 507.57 +- acres, of which approximately 507.57 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: South Bay Cove

Document ID: ECOVEST-DOJ 0034544

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 15, 2015

South Bay Cove, LLC 2200 Century Parkway - Suite 550 Atlanta, Georgia 30345

Attention: Mr. Robert M. McCullough

RE: Conservation Easement Appraisal

South Bay Cove

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

1

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 15, 2015, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 15, 2015 is:

Unencumbered	Acres	FMV	
Before Value	27.5	\$50,837,900	
		,	

The value of the Subject Property, subject to a perpetual conservation easement as of December 15, 2015 is:

	Encumbered	Acres	FMV	
20000000	Total After Value – Land and Reserved Sites	27.5	<b>ֆ</b> ა49,∠ა∪	

The value of the easement gift as of December 15, 2015 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	27.5	\$50,837,900	
Less			
Total After Value (Encumbered)	27.5	<u>\$349,250</u>	
Value of the Easement	rounded	\$50,489,000	
		,	

The Subject Property has one (1) reserved residential building site and one (1) reserved recreational building site. While these sites do maintain limited building rights, as defined by the easement, the limited access to the property, limits the value above that of the encumbered property. It should also be noted that these lots are not build ready and will require such things as access, lot clearing, and utility installation. Due to these facts, I do not feel that these sites warrant any additional value above that of the overall per acre value of the encumbered tract. No enhancement needed.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and
  conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the continuing education program for Designated Members of the Appraisal Institute.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates
  of the Appraisal Institute.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located east of Highway 31 and west of the

Intracoastal Waterway in North Myrtle Beach, Horry

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 15, 2015

**Date of Value Estimates:** December 15, 2015

**Date of Donation**: December 15, 2015

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R-4 (Resort Residential)

Site: 27.5 Acres

**Easement:** 27.5 Acres

**Reserved:** One Residential Building Site and One Recreational

**Building Site** 

Total: 27.5 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

## No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist,
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

#### LEGAL DESCRIPTION

ALL THAT CERTAIN PARCEL AS SHOWN ON A PLAT ENTITLED "BOUNDARY ADJUSTMENT/SUBDIVISION PLAT OF WARD SUBDIVISION TRACTS 1 & 2 FOR WATERWAY-RUST, LLC" DATED SEPTEMBER 2, 2015, REVISED SEPTEMBER 9, 2015 BY THE BRIGMAN COMPANY AND RECORDED SEPTEMBER 17, 2015 IN THE HORRY COUNTY REGISTER OF DEEDS OFFICE IN PLAT BOOK 267, PAGE 265.

BEGINIING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCEL, POINT BEING MARKED BY A 2" IRON PIPE AND HAVING SOUTH CAROLINA STATE PLANE COORDINATES OF N-734,093.48 AND E-2,693,247.48. THENCE A LINE BORDERED TO THE NORTH BY LANDS NOW OR FORMERLY OWNED BY PALMETTO MAIN STREET PARTNERS THE FOLLOWING BEARING S AND DISTANCES:

N 65° 53' 33" E 357.41 TO A REBAR W/ CAP

N 65° 53' 06" E 198.54' TO A 5/8" IRON REBAR

N 65° 53' 06" E 7.00' TO A 1/2" IRON PIPE

THENCE A LINE BORDERED TO THE EAST BY THE REMAINDER OF THE WARD TRACT OWNED NOW OR FORMERLY BY WATERWAY-RUST, LLC, THE FOLLOWING BEARING AND DISTANCE:

S 25° 10' 39" E 2042.40' TO A CALCULATED POINT

THENCE A LINE BORDERED TO THE SOUTH BY THE ATLANTIC INTRACOASTAL WATERWAY THE FOLLOWING BEARINGS AND DISTANCES:

S 59° 49' 19" W 192.07' TO A CALCULATED POINT

S 57° 47' 40" W 77.50' TO A CALCULATED POINT

S 50° 42' 13" W 300.00 TO A CALCULATED POINT

S 70° 00' 46" W 14.50' TO A CALCULATED POINT

THENCE A LINE BORDERED ON THE WEST BY LANDS NOW OR FORMERLY OWNED BY LONG BAY MARINA THE FOLLOWING BEARINGS AND DISTANCES: N 26° 12' 16 W 799.39' TO A 1" IRON PIPE FOUND

N 23° 31' 14" W 1352.02' BACK TO 2" IRON PIPE AND POINT OF BEGINING. TRACT CONTAINS 27.46 ACRES.

Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 27.5 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

#### Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

### **Identification of the Subject Property**

The subject is located south of Highway 31 and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 27.5 acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### Ownership

South Bay Cove, LLC

### **Improvements**

None

**Taxes** 

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1171 of 1318 Excerpts from South Bay Cove Appraisal

Site Data

• The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No
 Observed staining of soils:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Si

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

### Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 27.5 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Tortuga Trace

Document ID: ECOVEST-DOJ 0179870

### CLAUD CLARK III, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 21, 2019

Tortuga Trace LLC C/O
Bob McCullough
EcoVest Capital, Inc.
Monarch Tower
3424 Peachtree Rd, NE, Suite 1550
Atlanta Ga. 30346
bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Tortuga Trace, LLC 393.44 acre tract, Aransas County, Texas

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Qualified Appraisal Report presented in accordance with  $Section\ 170(f)(11)(E)(i)$ . My opinion of Fair Market Value is premised upon the Assumptions and Limiting Conditions contained within this report.

Section 170(f)(11)(E)(i) provides that a qualified appraisal means an appraisal that is (1) treated as an appraisal under regulations or other guidance prescribed by the Secretary and conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed by the Secretary.

Section 170(f)(11)(E)(ii) provides that the term qualified appraiser means an individual who (1) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary, (2) regularly performs appraisals for which the individual receives compensation, and (3) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

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I have the met the minimum education and experience requirements. I regularly perform appraisals for which I am compensated.

Section 170(f)(11)(E)(iii) provides that an individual will not be treated as a qualified appraiser with respect to any specific appraisal unless that individual (1) demonstrates verifiable education and experience valuing the type of property subject to the appraisal, and (2) has not been prohibited from practicing before the Secretary 330(c) of Title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

I have verifiable education and experience in valuing the type of property that is the subject of this appraisal. I have not been barred from practicing before the Secretary at any time during the 3-year period ending on the date of this appraisal.

The definition of Fair Market Value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair Market Value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The conservation easement audit guide gives instructions for estimating the Fair Market Value of a conservation easement (not of property). The conservation easement audit guide provides a clearer solution to the appraisal problem of estimating the Fair Market Value of a Conservation Easement. For the readers' information, I have included an excerpt from the Conservation Easement Audit Techniques Guide.

### Conservation Easement Audit Techniques Guide Revision Date – January 24, 2018

#### "Before and After Method" (IRS in italics)

In theory, the best evidence of FMV of a conservation easement is the sale price of easements comparable to the donated easement. An appraiser should research the market to determine if there is a substantial record of sales of comparable easements; however, in most instances, there are no substantial record of comparable sales.

If there is no substantial record of comparable easement sales, which is usually the case, the "before and after" approach to valuing a conservation easement is used.

FMV of the property before the easement Less: FMV of the property after the easement Equals FMV of the conservation easement

In essence, an appraiser must determine the highest and best use (HBU) and the corresponding FMV of the subject property twice; first, without regard to the conservation easement ("before" value), and then again after considering the specific restrictions imposed on the property by the deed ("after" value).

In determining the "before" value of the property, an appraiser must consider the current use of the property but also objectively assess the likelihood that the property would be developed absent the

conservation easement restriction. Existing zoning, conservation, historic preservation, or other laws and restriction may limit the property's potential HBU. Treas. Reg. § 1.170A-14(h)(3)(ii). In determining the "after" value of the property, an appraiser must consider both the specific restrictions imposed by the conservation easement being valued and the specific restrictions imposed by easements on any "comparable" properties.

The key word is *comparable* sales of conservation easements. Since we did not find a substantial record of sales of easements comparable to the donated property, we have adopted the "before and after" approach to valuing the donated easement.

§ 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair Market Value of property before and after restriction. If before and after valuation is used, the Fair Market Value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

I followed the guidelines of the IRS to determine the Fair Market Value of the easement. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Code and the Treasury.

The intended use of the appraisal is for estimating the Fair Market Value of a 393.44-acre conservation easement in Aransas County, TX. Intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. Intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the Fair Market Value of a perpetual easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *Fair Market Value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual conservation easement thereon.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

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Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the Fair Market Value of the fee simple interest of the Subject Property as of December 6, 2018, and Before the Subject Property is encumbered by the easement is as follows:

		10.1
Total Fair Market Value Before the Easement Fee Simple	393.44	\$71,705,602

The Fair Market Value of the fee simple interest of the Subject Property subject to a perpetual conservation easement as of December 6, 2018 is:

Encumbered Land Fair Market Value After the Easement	393.44	\$1,800	\$708,192
Total Fair Market Value After the Easement Fee Simple (rounded)	393.44		\$708,192

The encumbered property also includes one (1) reserved building zone that permits three building sites. Each building site allows for one residence and one additional residence that cannot exceed one half of the size of the main residence, such as a mother-in-law cottage. In theory, if taken as separate components of the valuation, the building area and the remaining eased area that cannot be improved

have different values. This site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights and the eased property does retain some limited subdivision rights, as defined by the easement. It should be noted that this area is not build ready and will incur some development costs to make it so. I have decided that these properties do not warrant any additional value over that of the balance of the eased area, but I do feel that they do add to the value of the total tract; therefore, the value of this tract will be included in that of the complete tract. It is not valued as a separate component. There is no enhancement.

The Fair Market Value of the easement gift as of December 6, 2018 is as follows and is based upon the before and after method. The Fair Market Value of the Subject Property before it was encumbered by the Conservation Easement was \$71,705,602. The Fair Market Value of the Subject Property after the encumbrance by a Conservation Easement was \$708,192. Using the before and after method, the Fair Market Value of the Conservation Easement is \$70,997,000 (rounded).

Fair Market Value of the Easement	-	-	\$70,997,000
Total Fair Market Value After the Easement	393.44	\$1,800	\$708,192
Total Fair Market Value Before the Easemen	t 393.44		\$71,705,602

Fair Market Value of the Conservation Easement on the effective date is:

#### SEVENTY MILLION NINE HUNDRED NINETY-SEVEN THOUSAND DOLLARS

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A and or 6701.

To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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### **Hurricane Harvey Comments**

Following are two letters. One is written by me and the second is from Ralph Bowden. Each serve to comment on the impact of Hurricane Harvey in 2017 on the prospective projects.

#### CLAUD CLARK III, P.C.

#### REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010

Claud Clark III

Writer's Email: Claud@ClarkAppraisals.com

December 6, 2018

Adam Lloyd Ecovest Capital

The following is a commentary based on my experience from other storms on Hurricane Harvey hitting the Texas Coast in August 2017.

My experience is that older and many times underinsured properties on the water are not repaired or rebuilt but are sold to developers that see an opportunity to assemble smaller lots into a larger property to build larger developments. The slowdown is short lived. It is usually related to infrastructure repairs.

See below for a real-life example.

I have lived and worked on the Gulf Coast most of my life and have been through many hurricanes.

Gulf Shores and Orange Beach Alabama are resort areas on the Gulf of Mexico in Baldwin County, Alabama.

According to the National Weather Service...

- Frederic (1979) was the first hurricane to directly strike Mobile County and Baldwin County since the 1930s.
- \* It set an all-time record low pressure at Mobile's airport.
- \* Damage costs were around \$2.3 billion at the time.
- \* It still had hurricane-force winds near Meridian, Mississippi.
- Nearly a foot of rain fell in Jackson County, Mississippi.
- Mobile Bay saw up to 10 feet of storm surge while some Gulf Beaches saw up to 15 feet.
- A half a million people in the region evacuated and that helped to keep the death toll to around a half-dozen, directly from Frederic.
- Some people were without electricity in Mobile for months.

Prior to the storm, both communities (Gulf Shores and Orange Beach) were comprised of single family houses on 50-100 wide lots. The houses were typically 1500 SF on a 50-foot lot. They were wood sided with asphalt shingle roofs. Usually a 3/2 arrangement.

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The houses were leveled. Immediately the developers came in and assembled the lots into wider lots and built condos... What had been \$100,000 houses became \$300,000 vacant lots. There are only a few houses on the beach today. It is high rise condos.

Specifically, Tortuga Trace will progress as planned with only slight delays for infrastructure repair. I think that the aggressive marketing program will still prove to be effective. This is based on my appraisal experience as well has having lived in a hurricane zone most of my life.

Very Truly Yours,

Claud Clark III

# RALPH STEWART BOWDEN, Inc. REAL ESTATE COUNSELORS

626 Elk Run Lane Earlysville, Virginia 22936 434 974 7611 / 434 409 3216 (cell) E-mail: rsbclub@msn.com

August 31, 2017

Mr. Adam Lloyd EcoVest Capital, LLC 3424 Peachtree Rd. NE, # 1550 Atlanta, GA 30326

Re: Hurricane Harvey and the Texas Coastal Market Dear Mr. Lloyd:

Thank you for your call to discuss the impacts of hurricane Harvey on the results of our Strategic Planning Market Analysis completed earlier this year. Natural disasters such as this can be temporarily overwhelming and disruptive. One cannot ignore the fact that the disruption will consume the year ahead, but elements such as refining, petrochemicals and shipping will recover in a few months.

While everything has temporarily changed in coastal Texas, there are many constants in our society and our economy that continue on as though nothing has happened. Growth in the Texas market is not going to stop. Many corporations continue to migrate to Texas and to expand. The energy industry is not going to move somewhere else.

While it may sound Pollyanna-ish to point to the legends that post hurricane is the best time to buy waterfront land, it does not ignore that economists (NYT 8/30/17 "Hurricane to Cost Tens of Billions, but a Quick Recovery Is Expected") are already predicting a quick recovery and a bump in growth when rebuilding is added to the already existing demand in Texas, among the healthiest in the nation. One can also argue that the Texas' coast location has been in a known hurricane zone for centuries and that the risks associated with the location are baked in and do not appear to be an impediment, at all.

One thing that is relatively absolute, the demographics of demand do not change because of a storm. Retirement is gaining multi-year momentum. Millennials are starting to buy Boomer's houses, unleashing millions in acquisition funds for retirement real estate. Tourism and residential migration will continue to occur. The shore will continue to be a magnet. Hurricane Harvey has no impact on these dynamics. This is the most fundamental truth that should not be forgotten and is a powerful reason to remain bullish on Texas and its coast.

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Consequences of the storm that are unanticipated benefits to the proposed development include the elimination of obsolete, cheap residential inventory. Infrastructure will be refreshed to contemporary standards. Roads will be improved. The area will be even more beautiful than it was before. The quality of the area will improve. The area will become more valuable. Port O'Connor, already a charming town, will be better than ever.

Given the histories of every other part of the coastal market, both Gulf and Atlantic, this is the time to secure a position in the market and to proceed to develop a resort style residential development that can begin to close sales in late 2018- 2019 and tap into the strong currents of demand within Texas and the surrounding region.

Our original opinions have not been weakened and have not changed. The fundamentals that supported our original conclusions have not changed. Future potential is actually marginally improved, if tradition holds.

Please let me know if I can shed further light on this issue. Sincerely,

Ralph S Bowden

Ralph S. Bowden President

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### **Certification of Appraiser**

I certify that, to the best of my knowledge and belief:

- 1. I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal pursuant to Treasury Regulations Section 1.170A-13(c)(3)(ii)(F), I am qualified to make appraisals of real property encumbered by a conservation easement. I have not been barred from testifying before the IRS.
- 2. I have not been prohibited from practicing before the IRS by the Secretary under Section 330(c) of Title 31, United States Code, at any time during the three-year period ending on the date of the appraisal.
- 3. I am not a person described in Treasury Regulation 1.170A-13(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- 4. The statements of fact contained in this report are true and correct.
- 5. The reported analyses, opinions, and conclusions limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- 6. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 7. My compensation is not contingent upon the reporting of a predetermined Fair Market Value or direction in Fair Market Value that favors the cause of the client, the amount of the Fair Market Value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised Fair Market Value of the property, nor has the fee in any way been contingent upon the appraised Fair Market Value.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- 9. I understand that a substantial or gross valuation misstatement resulting from an appraisal of the Fair Market Value of property that the appraiser knows, or reasonably should have known, to be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- 10. I understand that an intentionally false or fraudulent overstatement of the Fair Market Value of the property described in this appraisal or appraisal summary may subject me to a civil penalty under Section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).

- 11. I, Claud Clark III, have made a personal inspection of the Subject Property on January 18, 2019 and have developed the Fair Market Value.
- 12. No one provided significant real property appraisal assistance to the person signing this certification.
- 13. I have not prepared an appraisal of the Subject Property in the last five (5) years.
- 14. As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- 15. To the knowledge of the undersigned, other than as provided in the subject easement and the farm lease, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including, for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.
- 16. I am not closely related to the contemplated transaction and I will not receive a benefit in connection with the donation described herein.

Claud Clark III

State Certified General Real Property Appraiser

TX License #TX 1380003

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**Summary of the Appraisal** 

**Property Type:** Conservation Easement

**Location:** The subject is located off Highway 1069, west of the town of

Rockport in Aransas County, Texas.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the fair

market value of the conservation easement.

**Function of the Appraisal:** To estimate the fair market value of a conservation easement.

**Date of the Appraisal Report:** January 21, 2019

**Date of Property Inspection:** January 18, 2019

**Date of Value Estimates:** December 6, 2018

**Date of Donation** December 6, 2018

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** No zoning

**Site:** 393.44 Acres

Easement: 393.44 Acres

**Reserved:** 10.36 Acre Building Zone located within the easement

**Total:** 393.44 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with a 10.36-acre

**Building Zone** 

Appraiser: Claud Clark III as an Employee and Sole Owner of

Claud Clark III, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request

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### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Texas or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Claud Clark III, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

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The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Fair Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Fair Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Fair Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Fair Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### Word Case

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### **Legal Descriptions and Maps**

#### 393.44 ACRES

### THE STATE OF TEXAS) THE COUNTY OF ARANSAS)

BEING a \$93.44 acre tract of land situated in a portion of the William S. Tuten Survey, Abstract No. 202, out of and part of the C.B. Lucas Ranch Subdivision according to the established map or plat thereof as recorded in Volume 2, Page 7 of the Map Records, Aransas County, Texas, and being a portion out of a called 1107.93 acre tract of land described by General Warranty Deed dated March 23, 2007, conveyed from Tidwell Coastal Ranch, Ltd. to Waterfront Land Investments Fund I, L.P. as recorded in instrument No. 290234 of the Official Public Records, Aransas County, Texas, said 393.44 acre tract being particularly described by metes and bounds as follows:

BEGINNING at a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." along the northwest line of Farm-to-Market No. 1069 (a Variable Width Right-of-Way – 80-foot minimum) and the southeast line of the aforesaid 1107.81 acre tract for the east corner of the herein described tract, from which a found 5/8" steel rebar marking the intersection of the northwest right-of-way line of said Farm-to-Market No. 1069 and the southwest line of Port Bay Club Road (a 60-foot Right-of-Way) and being the east corner of said 1107.81 acre tract bears North 28"87"52" East, a distance of 2749.23 feet;

THENCE, along the northwest right-of-way line of said Farm-to-Market No. 1069, with the southeast line of said 1107.81 acre tract, the following courses and distance

- South 29'59'20" West, a distance of 464.44 feet to a found 5/8" steel rehar with cap stamped "BRUNDRETT" marking an angle point along the common line of said 1107.81 acre tract and said Farm-to-Market No. 1069 for an angle point of the herein described tract;
- South 29°59'37" West, a distance of 626.04 feet to a found 5/8" steel rebar with cap marking an
  angle point along the common line of said 1107.81 acre tract and said Farm-to-Market No. 1069
  for an angle point of the herein described tract:
- South 29°55°15" West, a distance of 1498.22 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking the south corner of the herein described tract;

**THENCE.** departing the northwest right-of-way of said Farm-to-Market No. 1069, over and across said 1107.81 acre tract, the following courses and distances:

- North 80°04'34" West, a distance of 121.34 feet to a point of tangency for the herein described tract:
- with a curve turning to the left having an arc length of 203.85 feet, with a radius of 811.41 feet, with a delta angle of 14"29"39", having a chord bearing of North 67"16"24" West, and a chord length of 203.31 feet to a point of tangency for the herein described tract;
- North 74"28"13" West, a distance of 225.06 feet to a point of corvature to the right for the herein described tract;
- with a curve turning to the right having an arc length of 220.03 feet, with a radius of 2257.91 feet, with a delta angle of 05°35°00", having a chord bearing of North 71°40'43" West, and a chord length of 219.94 feet to a point of tangency for the herein described tract;

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- North 70°33′50° West, a distance of 439.98 feet to a point of curvature to the right for the herein described tract;
- with a curve turning to the right having an arc length of 109.97 feet, with a radius of 2110.82 feet, with a delta angle of 02°59'06", having a chord bearing of North 69°04'17" West, and a chord length of 109.95 feet to a point of compound curvature to the right for the herein described tract:
- with a compound curve turning to the right having an arc length of 327.62 feet, with a radius of 346.62 feet, with a delta angle of \$4°09'16", having a chord bearing of North 40°30'06" West, and a chord length of 315.56 feet to a point of reverse curvature to the left for the herein described tract;
- with a reverse curve turning to the left having an arc length of 492,25 feet, with a radius of 349,99 feet, with a delta angle of 80°35'02", having a chord bearing of North 53°42'59" West, and a chord length of 452,67 feet to a point of tangency for the herein described tract;
- South 85°59'30" West, a distance of 443.41 feet to a point of curvature to the right for the herein described tract;
- With a curve turning to the right having an arc length of 219.98 feet, with a radius of 1785.56 feet, with a delta angle of 07°08'32", having a chord bearing of South 89°31'16" West, and a chord length of 219.84 feet to a point of compound curvature to the right for the herein described tract;
- with a compound curve turning to the right having an arc length of 274.62 feet, with a radius of 891.80 feet, with a delta angle of 17/38/36°, having a chord bearing of North 78/07/46° West, and a chord length of 273.53 feet to a point of compound curvature to the right for the herein described tract;
- with a compound curve turning to the right having an arc length of 184.43 feet, with a radius of 197.20 feet, with a delta angle of 47°46'30", having a chord bearing of North 45°25'07" West, and a chord length of 199.71 feet to a point of compound curvature to the right for the herein described tract;
- with a compound curve turning to the right having an arc length of 111.26 feet, with a radius of 815.56 feet, with a delta angle of 07°48'59°, having a chord bearing of North 17°37'22° West, and a chord length of 111.17 feet to a point of tangency for the herein described tract;
- North 13"42'52" West, a distance of 232.40 feet to a point of curvature to the left for the herein described tract;
- with a curve turning to the left having an arc length of 204.77 feet, with a radius of 234.18 feet, with a delta angle of 50°06'02", having a chord bearing of North 39°47'56" West, and a chord length of 196.31 feet to a point of tangency for the herein described tract;
- North 84°50′57° West, a distance of 223.34 feet to a point for the herein described tract;
- North 66"13"03" West, a distance of 219,99 feet to a point of curvature to the right for the herein described tract;

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- with a curve turning to the right having an arc length of 219,91 feet, with a radius of 2084.65 feet, with a delta angle of 06°02'39", having a chord bearing of North 68°11'48" West, and a chord length of 219.81 feet to a point of tangency for the herein described tract;
- North S9°05'37" West, a distance of 110.00 feet to a point of curvature to the left for the herein described tract;
- with a curve turning to the left having an arc length of 220.01 feet, with a radius of 802.40 feet, with a delta angle of 15°42°34", having a chord bearing of North 66°56'34" West, and a chord length of 219.32 feet to a point of compound curvature to the left for the herein described tract;
- with a compound curve turning to the left having an arc length of 172.50 feet, with a radius of 1886.84 feet, with a delta angle of 09°05'37", having a chord bearing of North 79°28'59" West, and a chord length of 172.31 feet to a point of tangency for the herein described tract;
- North 83°53'48" West, a distance of 267.62 feet to a point of curvature to the left for the herein described tract;
- with a curve turning to the left having an arc length of 20.85 feet, with a radius of 596.99 feet, with a delta angle of 02°00'03", having a chord bearing of North 84°53'49" West, and a chord length of 20.65 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an exterior corner for the herein described tract;
- North 04°06'09" East, a distance of 150.00 feet to a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." marking an interior corner for the kerein described tract;
- North 80"44"33" West, at a distance of 304.82 feet passing a set 5/8" steel rebar with veilow plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance of 1144.82 feet to a point along the northwest line of said 1107.81 acre tract and being the approximate shoreline of Puerto Bay (a.k.a. Port Bay) for the west most corner of the herein described tract;

**THENCE**, along the northwest line of said 1107.81 acre tract, with the approximate shoreline of Puerto Bay (a.k.a. Port Bay), the following courses and distances:

- North 15°33'24" East, a distance of 117.09 feet to a point for the herein described tract;
- North 23°31'49" East, a distance of 118.54 feet to a point for the herein described tract;
- North 41°37°15" East, a distance of 148.42 feet to a point for the herein described tract;
- North 42"50"14" East, a distance of 140.42 feet to a point for the herein described tract;
- North 23"19"10" East, a distance of 226.28 feet to a point for the herein described tract;
- North 41'11'05" East, a distance of 180.17 feet to a point for the herein described tract;
- North 45°52'34" East, a distance of 165.03 feet to a point for the herein described tract;
- North 16"49"16" East, a distance of 85.71 feet to a point for the herein described tract;

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- North 18"59"28" East, a distance of 109.57 feet to a point for the herein described tract;
- North 15"12"31" East, a distance of 412.56 feet to a point for the herein described tract;
- North 37°28'10" East, a distance of 743.66 feet to a point for the herein described tract;
- North 40°52'29" East, a distance of 201.14 feet to a point for the herein described tract;
- North 39°57'13" East, a distance of 122,90 feet to a point for the herein described tract;
- North 37°58'23" East, a distance of 174.34 feet to a point for the herein described tract;
- North 32'45'33" East, a distance of 301.69 feet to a point for the herein described tract;
- North 28°32'56" East, a distance of 151.97 feet to a point for the north corner of the herein described tract;

THENCE, South 60°00'18" East, over and across said 1107.81 acre tract, at a distance of 300.00 feet passing a set 5/8" steel rebar with yellow plastic cap stamped "URBAN SURVEYING, INC." for reference and continuing for a total distance of 5883.39 feet to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 393.44 acre tract of land, more or less.

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

Reference is made to that Plat accompanying this Legal Description.

The foregoing legal description and accompanying survey plat were prepared from an actual survey made on the ground under my supervision in August, 2017 and are true and correct to the best of my knowledge and belief.

Urban Surveying, Inc.

By: Michael K. Williams

Registered Professional Land Surveyor

Texas No. 6636

522090.02 - Tract 2: 393,44 Acres

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Introduction

The cost approach to Fair Market Value utilizes reproduction or replacement cost. This cost is often obtained from local sources and Marshall and Swift Valuation Service. Cost developed is compared with local data. Sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a Fair Market Value statement. The role of the income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that Fair Market Value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final Fair Market Value statement is developed which reflects the main elements of the data. The merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 7.

The eighth and final step in an appraisal comprises reporting the findings to the client or reader. Report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

An appraisal is only an opinion of Fair Market Value, based on the information that can be uncovered during the time permitted. In the process, the appraiser will develop several Fair Market Value estimates, which he will weigh and finally correlate into a final Fair Market Value estimate or range of Fair Market Values, depending on the requirements of the assignment. An appraiser can only estimate Fair Market Value; he can examine the data and exercise his judgment to arrive at an educated opinion of Fair Market Value. It is not a fact. Scope and goal of the appraisal report are outlined at this point. Appraisal will include the accumulation of information, sales, neighborhood and area data, as they relate to Fair Market Value and the property rights, which are described in the report. The typical appraisal of minable properties involves one or two approaches.

In the following sections of the report, I have estimated the Fair Market Value of the Subject Property both before and after the donation of the easement utilizing all of the applicable approaches to Fair Market Value. Then, consistent with the principles of easement appraising, I have subtracted the estimated subject Fair Market Value after the easement from the estimated Fair Market Value before the easement, and then made a deduction to reflect the cost of constructing the additional space in the potential Subject Property before the easement. The result of this calculation is the estimated Fair Market Value of the easement.

Since the property is vacant land with underlying development Fair Market Value, we have used the sales comparison approach and the income approach to Fair Market Value. The Cost Approach was not considered.

Sales of property in the neighborhood and area will be collected and analyzed. Sale properties accumulated share with the subject the highest and best use, which is generally comparable to that of the appraised subject. Obtainable comparable sales sometimes require expanding the search into nearby counties and gathering older data when no recent sales are available. We rely on creditable sources such

CLAUD CLARK III,

Introduction

as local and county sites, real estate agents in the areas, and sites such as CoStar for comparable sale data; we have not personally inspected these sales.

The initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

The report is divided into three sections.

Section I of the report, which deals with the unencumbered fee estate.

Section II of the report, which deals with the encumbered fee estate.

Section III of the report, which deals with reconciliation.

Sales were drawn from the area.

Highest and Best Use of the 393.44-acre portion of the Subject Property is substantially limited once encumbered by easement. Development is now perpetually prohibited, except in designated building zones.

### Competency Provision

Based on my experience in appraising similar properties, I have the required data and experience to complete this appraisal in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation.

I completed the Valuation of Conservation Easements Certificate Program.

I have prepared many conservation easement appraisals over the last twenty years.

Specific education relative to the assignment are:

The Income Approach, The Cost Approach, Highest and Best Use, Market Approach Appraisal of Conservation Easements, Appraisal of Land

Intended User

The term "intended user" is defined by USPAP as: "The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or consulting report, by the appraiser based on communication with the client at the time of the assignment".

This appraisal has been prepared for Tortuga Trace, LLC, The IRS, and the client's tax advisors.

Intended Use

CLAUD CLARK III,

Introduction

### **Identification of the Subject Property**

The subject is located off Highway 1069, west of the town of Rockport in Aransas County, Texas. The site contains 393.44 acres.

### **Prior Sales History**

The Subject is not currently listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

### **Ownership**

Tortuga Trace, LLC

**Improvements** 

None

**Property Tax Information** 

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Introduction

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 393.44 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Trout Creek

Document ID: ECOVEST-DOJ 0224553

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

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Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 23, 2012

Mr. Edmund Cash, Manager Trout Creek, LLC 10 Long Branch Road Spencer, TN, 38585

Dear Mr. Cash:

RE: Conservation Easement Trout Creek

Spencer, Tennessee

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

CLARK ~ DAVIS, PC

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 20, 2011, and before the subject property is encumbered by the easement is as follows:

		·
Fee Simple Interest	Acres 154.3	FMV \$7,077,000
		<del>- , , , , , , , , , , , , , , , , , , ,</del>

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 20, 2011 is:

Fee Simple Interest with Encumbrance	154.3	\$350	\$54,000
<u> </u>	·	<del></del>	

There are two (2) building sites not owned by the entity granting the easement that are outside of the boundary of the easement. There is no enhancement issue to these building sites, as they are not owned by a related party, as defined by the IRS. The entire tract is eased and there is no contiguous land to be considered, and thus no enhancement value. These sites have no current access roads and are to be accessed via an easement provided by the property. See the legal description located in the report for a description of this easement.

The value of the easement gift as of December 20, 2011 is as follows and is based upon the before and after value.

Fee Simple Interest B	efore	154.3		\$7,077,000
Less Fee Simple Interest with E	ncumbrance	154.3	\$350	<u>\$54,000</u>

CLARK ~ DAVIS, PC

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III TN License #4693

State Certified General Real Property Appraiser

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with
  the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the
  Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III TN License #4693

State Certified General Real Property Appraiser

CLARK ~ DAVIS, PC

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1207 of 1318 Excerpts from Trout Creek Appraisal

Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located near Spencer, Tennessee.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 23, 2012

Date of Value Estimates: December 20, 2011

**Date of Donation** December 20, 2011

Property Rights Appraised: Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** None

**Site:** 154.3 Acres

Easement: 154.3 Acres

Reserved: 0

**Total:** 154.3

**Improvements:** Jeep/ATV Trails

High and Best Use Before: Residential Development of Site as Though Vacant: After: Hunting or Recreational Use

Appraiser: Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

### No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### Competent Management Assumed

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

### Legal Descriptions and Maps

### **LEGAL**

The following is a description of the Trout Creek LLC property located in the 3rd Civil District of Van Buren County, Tennessee. (Reference Warranty Deed Book RB12 Page 702 and WD15 Page 956)

Beginning on a painted rock being the southwestern corner of the property herein described; thence going with the Walden Ridge LLC property N 08°39'13" E 1657.06 feet to a steel fence post; thence N 82°22'22" W 609.35 feet to a steel fence post; thence N 42°59'58" W 99.59 feet to the southern right-of-way of Land Branch Lane; thence leaving the Walden Ridge property and going with the said Lane N 85°28'01" E 51.33 feet; thence N 64°19'34" E 166.31 feet; thence N 66°56'02" E 103.69 feet; thence N 73°58'06" E 288.79 feet; thence N 75°02'38" E 137.92 feet; thence N 85°43'52" E 96.76 feet; thence S 84°24'30" E 59.50 feet; thence S 76°12'59" E 12.82 feet; thence S 68°01'29" E 83.61 feet; thence S 67°28'44" E 156.49 feet; thence S 77°26'33" E 84.53 feet; thence N 89°21'56" E 44.02 feet; thence leaving Long Branch Lane and going with The Village of Trout Creek S 00°21'52" E 575.06 feet; thence S 42°18'04" E 262.20 feet; thence S 71°57'20" E 213.44 feet; thence N 67°47'39" E 443.16 feet; thence N 42°10'02" E 21.47 feet to a point; thence S 89°07'27" E 58.56 feet; thence S 83°54'11" E 187.71 feet; thence S 86°26'44" E 177.14 feet; thence N 85°19'25" E 160.04 feet; thence N 88°41'36" E 118.60 feet to an iron pin; thence leaving the said Villages of Trout Creek and going with The Homesites of Trout Creek of Long Branch Lakes at Fall Creek Falls generally following the meanders of a creek S 25°44'32" E 196.57 feet; thence S 56°27'24" E 147.85 feet; thence S 06°54'10" W 178.88 feet; thence S 22°25'25" E 141.88 feet; thence S 77°59'33" E 181.04 feet; thence N 60°02'59" E 346.68 feet; thence S 61°46'43" E 126.96 feet; thence S 49°20'52" E 379.66 feet; thence N 44°25'10" E 151.27 feet; thence S 87°33'34" E 231.77 feet; thence N 84°03'51" E 284.32 feet; thence S 79°03'34" E 240.85 feet; thence S 65°08'10" E 218.01 feet; thence N 86°26'32" E 90.85 feet; thence \$ 42°31'04" E 144.23 feet; thence \$ 04°52'10" W 128.68 feet; thence \$ 55°58'57" E 247.04 feet to a point in the creek; thence leaving Trout Creek and going with The Homesites of The Lakes of Long Branch Lakes at Fall Creek Falls S 39°39'35" E 969.52 feet to an iron pin at the end of Camp Creek Drive; thence along a curve turning to the left having an arc length of 97.43 feet, and a radius of 50.00 feet, with a chord of \$ 27°56'38" E 82.73 to an iron pin; thence leaving Camp Creek Drive and continuing with The Lakes S 15°38'24" W 124.67 feet to an iron pin; thence leaving The Lakes and going with the aforementioned Walden Ridge LLC property N 81°36'02" W 5547.89 feet to the beginning being 159.30 acres as surveyed by Christopher M. Vick R.L.S. #2164 on 14 March 2001 (revised 26 June 2006).

### Less and Except the following Building Areas:

### **Building Area 1:**

Beginning on a painted rock being the southwestern corner of the Longbranch Lakes Property LLC (LBL) property; thence N 65°31'58" E 905.52 feet to the point of beginning being the northwestern corner of the tract herein described; thence running with the proposed road S 68°26'57" E 146.64 feet; thence S 80°53'15" E 64.04 feet to a point; thence leaving the said road and going with the remainder of the Longbranch Lakes property S 04°29'47" W 458.31 feet to a point; thence leaving LBL and going with the Walden Ridge LLC property N 81°36'02" W 324.88 feet to a point; thence leaving the Walden Ridge property and again running with the remainder of the LBL property N 18°25'23" E 499.03 feet to the beginning being 2.88 acres.

### **Building Area 2:**

Beginning on a painted rock being the southwestern corner of the Longbranch Lakes Property LLC (LBL) property; thence N 26°29'19" E 1040.84 feet to the point of beginning being the southeastern corner of the tract herein described; thence running with the remainder of the Longbranch Lake property S 84°03'06" W 329.42 feet to a point; thence leaving LBL and going with the Walden Ridge LLC property N 08°39'13" E 469.85 feet to a point; thence leaving Walden Ridge property and running the southern edge of the proposed road S 42°16'17" E 351.05 feet; thence S 22°45'10" E 33.41 feet; thence S 03°14'04" E 140.01 feet to the beginning being 2.14 acres.

The above descriptions were derived from a master plan of the Trout Creek future development and have only been paper located and not physically surveyed by Vick Surveying LLC.

The following is a description of the easement through a portion of the Trout Creek LLC property located in the 3rd Civil District of Van Buren County, Tennessee. (Reference Warranty Deed Book RB12 Page 702)

### Easement Leading from Long Branch Lane to Building Area # 1 and 2.

The following is a description of the center of a 50 foot wide easement; beginning on the southern edge of Long Branch Lane; thence running with the center of a proposed road S 10°40′22" E 370.75 feet; thence S 08°39′13" W 236.08 feet; thence along a curve having an arc length of 66.66 feet, with a radius of 75.00 feet, and a chord of S 16°48′32" E 64.49 feet; thence S 42°16′17" E 303.44 feet; thence along a curve having an arc length of 51.10 feet, with a radius of 75.00 feet, and a chord of S 22°45′10" E 50.12 feet; thence S 03°14′04" E 273.67 feet; thence S 23°53′10" E 234.21 feet; thence S 43°40′20" E 203.27 feet; thence S 68°26′57" E 253.00 feet; thence S 80°53′15" E 60.92 feet to a point in the center of the proposed road.

The above descriptions were derived from a master plan of the Trout Creek future development and have only been paper located and not physically surveyed by Vick Surveying LLC.

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Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for country type subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another feature of

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Introduction

### **Identification of the Subject Property**

The subject property consists of one parcel located in Van Buren County, Tennessee. The site contains 154.3+- acres.

### **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

### **Ownership**

Trout Creek, LLC

### **Taxes**

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TAX YR 2010	RECEIP	T HO.	04367	-	
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SPENCER TN	38	585			
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FIRST CLASS MAIL U.S. POSTAGE PAID SPENCER TN PERMIT NO.6

LONG BRANCH PROPERTIES LLC

P 0 BOX 2579 ROME GA 30164

lele1.24

Trout Creek

### *Improvements*

None

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Site Data

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No
Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

### Site Improvements:

• Observed staining of soils:

• Observed distressed vegetation:

There are no on-site improvements on the subject property, as it is vacant land.

### Conclusion:

The subject property consists of approximately 154.3 +- acres, of which approximately 154.3 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Tupelo Grove

Document ID: ECOVEST-DOJ 0167318

### CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Tupelo Grove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Tupelo Grove

49.94-acre Tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

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Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Strategic Solutions in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 28, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 28, 2017 is:

Unencumbered	Acres	FMV	
Before Value	49.94	\$50,480,275	

The value of the Subject Property, subject to a perpetual conservation easement as of December 28, 2017 is:

Encumbered	Acres	FMV	
Total After Value	49.94	\$1,594,316	

The value of the easement gift as of December 28, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	49.94	\$50,480,275
Less		
Total After Value (Encumbered)	49.94	<u>\$1,594,316</u>
Value of the Easement	rounded	\$48,886,000

The encumbered property also includes one (1) reserved residential building site, which allows for up to twenty attached or detached residential units. While this site remains part of the eased

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property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that this lot is not a build ready lot and will incur some development costs to make it so. I have taken the Before value and divided it by the number of proposed units before the placement of the perpetual easement. This valuation takes into account developmental costs, as well as profit. This provided a per unit value of \$84,134, which multiplied by the number of allowed units after the placement of the perpetual easement, creates an after value of the reserved site of \$1,514,412, which will then be added to the After value of the property. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1221 of 1318 Excerpts from Tupelo Grove Appraisal

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### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications (background, experience, education and membership in professional associations), I am qualified to make appraisals of real property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6768 CG

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1224 of 1318 Excerpts from Tupelo Grove Appraisal

### Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The Subject Property is located at the intersection of River

Oaks Drive and Portwest Drive in Myrtle Beach, Horry

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** October 12, 2017

**Date of Value Estimates:** December 28, 2017

**Date of Donation** December 28, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PDD, Planned Development District

**Site:** 49.94 Acres

**Easement:** 49.94 Acres

**Reserved:** One 3.5-acre Reserved Building Zone located within the

easement

Total: 49.94 Acres

**Improvements:** None

**High and Best Use**Before: Residential Development

of Site as Though Vacant: Recreational / Green Space with a 3.5-acre

**Building Zone** 

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request.

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted, and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business-related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal,
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements, and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

ALL AND SINGULAR that certain piece, parcel or tract of land, situate, lying and being in Horry County, South Carolina, containing 49.94 acres, more or less and being shown and described "New Parcel" on "Subdivision/Combination Survey of Carolina Waterway Plantation Tracts A & B, Phase IV & Tract A located at Myrtle Beach, Horry County, South Carolina" surveyed and mapped by Spartina Land Surveying dated October 27, 2017, recorded November 3, 2017 in the Office of the Register of Deeds for Horry County in Plat Book 278 at page 117, which plat is incorporated herein and made a part hereof by reference.

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Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 49.94 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)

Area Data

- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none.

## Before and After Method of Valuation of a Conservation Easement

The following was extracted from the IRS code and not only supports, but mandates an assessment of the property's highest and best use.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution."

Area Data

## **Identification of the Subject Property**

The Subject Property is located at the intersection of River Oaks Drive and Portwest Drive in Myrtle Beach, Horry County, South Carolina. The site contains 49.94 acres.

## **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

## **Ownership**

Tupelo Grove, LLC

#### **Improvements**

None

Taxes

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Site Data

• The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:

• Observed staining of soils:

• Observed distressed vegetation:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

## Conclusion:

The Subject Property consists of approximately 49.94 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Turkey Creek Resort

Document ID: ECOVEST-DOJ 0160558

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 12, 2018

Turkey Creek Resort LLC C/O
Bob McCullough
EcoVest Capital, Inc.
Monarch Tower
3424 Peachtree Rd, NE, Suite 1550
Atlanta Ga. 30346
bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal Turkey Creek Resort 232.76 acres, Georgetown County, SC

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Extraordinary Assumption: is defined by USPAP as: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

1

Hypothetical conditions and Extraordinary Assumptions:

Hypothetical Condition: As of the date of value, the subject property is not encumbered with a conservation easement; however, it will be supposed in the valuation of the subject before encumbrance that the conservation easement does not exist and after encumbrance that the conservation easement does exist.

Hypothetical Condition: This appraisal is made under a hypothetical condition that certain improvements (as shown in the development plan) are made to the Subject Property that are assumed to be in place when, in fact, they are not.

Extraordinary Assumption: I have relied on a strategic planning market analysis from Ralph Stewart Bowden, Inc. in valuing the Subject Property. If those conclusions are found to be incorrect, this appraisal will be amended by the appraiser.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that all necessary permits (including those related to zoning) could be obtained to develop the property according to the development plan.

Extraordinary Assumption: As of the date of value, the appraisal was made under the assumption that the future ownership is not a related party to the current owner.

The property information provided by the owners, representatives of the owners, and public sources is deemed to be accurate and correct. No guarantee is made regarding such information. Any changes to the facts, conditions, or assumptions relied upon in this appraisal may require review and result in changes to the analysis and conclusions. I reserve the right to review, and revise, if necessary, the analyses and conclusions.

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

#### § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1236 of 1318 Excerpts from Turkey Creek Resort Appraisal

advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust, 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 18, 2017, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 18, 2017 is:

Unencumbered	Acres	FMV
Before Value	232,76	\$41,188,091

The value of the Subject Property, subject to a perpetual conservation easement as of December 18, 2017 is:

Encumbered	Acres	FMV	
Total After Value (Encumbered and Excluded)	232.76	\$465,520	
·			
·			

The value of the easement gift as of December 18, 2017 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	232.76	\$41,188,091
Less		
Total After Value (Encumbered)	232.76	<u>\$465,520</u>
Value of the Easement	rounded	\$40,723,000

The encumbered property also includes four (4) reserved residential building sites, which allow for the construction of one residence. While these sites remain part of the eased property and are

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subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement. It should be noted that these lots are not a build ready lot and will incur significant development costs to make them so, such as access, clearing, and utilities. Due to these facts, and considering the expenses that would be required to develop the Subject's reserved sites and the restrictions of the easement, I have decided that these lots do not warrant an additional per acre value over that of the easement. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

Excluding the conservation easement, which is the subject of this appraisal report, to the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications (background, experience, education and membership in professional associations), I am qualified to make appraisals of real property such as that of the property which is being valued, both before and after being encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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## **Summary of the Appraisal**

**Property Type:** Conservation Easement

**Location:** The Subject Property is located at the intersection of

Pennyroyal Road and Sunfish Street in Georgetown

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 12, 2018

**Date of Inspection:** October 12, 2017

**Date of Value Estimates:** December 18, 2017

**Date of Donation** December 18, 2017

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** PD, Planned Development District

**Site:** 232.76 Acres

Easement: 230.99 Acres

**Excluded:** 1.77 Acres

**Reserved:** Four Reserved Building Zones located within the easement

**Total:** 232.76 Acres

**Improvements:** None

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Recreational / Green Space with four 2-acre

Building Zones and six excluded lots totaling 1.77 acres

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

SS# \*\*\*-\*\*-1840 Will be provided to IRS upon request

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### <u>Limitations of a Value Estimate in a Dynamic Market</u>

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

## **Legal Descriptions and Maps**

## **REAL PROPERTY**

All that certain piece, parcel or tract of land lying, being and situate in the County of Georgetown, State of South Carolina, shown and described on the plat recorded in the Office of the Register of Deeds for Georgetown County, South Carolina in Plat Book 639 at page 7. Said plat is incorporated herein by reference. Said tract of land is bordered on the North by lands now or formerly of Oliver F. Cooper, as shown on said plat; on the East by Turkey Creek the center of Turkey Creek noted as being the line, as shown on said plat; on the South by Pennyroyal Memorial Gardens and by Pennyroyal Road, as shown on said plat, and on the West by Sunfish Street, as shown on said plat.

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Area Data

process is typically a part of the cost approach to value. Valuation of the land may also be processed through the Discounted Cash Flow Analysis (DCF) for those property types when the Highest and Best Use is development. Comparable sales may be used, if applicable.

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 232.76 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)

Area Data

- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none.

## Before and After Method of Valuation of a Conservation Easement

The following was extracted from the IRS code and not only supports, but mandates an assessment of the property's highest and best use.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution."

Area Data

## **Identification of the Subject Property**

The Subject Property is referred to as Turkey Creek Resort and is located at the intersection of Pennyroyal Road and Sunfish Street in Georgetown County, South Carolina. The site contains 232.76 acres.

## **Prior Sales History**

The Subject is not listed for sale.

In accordance with USPAP Standard 1-5, I conducted a search of the public records and found no sales of the subject property within the past three years. However, I am aware that the majority equity owner of the entity that is the proposed donor of the conservation easement affecting the subject property recently acquired its 95% ownership in that entity. I do not think that a purchase of a membership interest in a partnership reflects the intent of the IRS Code. (Note: A membership interest is not the sale of the property.) The seller of the property lacked both the expertise and the resources to ascertain or command the maximum potential value of the property through the establishment of a plan for development that was maximally productive.

## § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

## Ownership

Turkey Creek Resort, LLC

**Improvements** 

None

**Taxes** 

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Appraisal of the Before Value

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

## Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

Observed staining of soils:
 Observed distressed vegetation:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 232.76 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Waterway Grove

Document ID: ECOVEST-DOJ 0095500

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

Waterway Grove LLC C/O Bob McCullough EcoVest Capital, Inc. Monarch Tower 3424 Peachtree Rd, NE, Suite 1550 Atlanta Ga. 30346 bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

Waterway Grove, LLC

30.41 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS regulations, as promulgated by the Treasury Department and through Tax Court opinions, override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the regulations state:

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust172, 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of December 28, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of December 28, 2016 is:

Unencumbered	Acres FMV
Before Value	30.41 \$61,631,524
-	

The value of the Subject Property, subject to a perpetual conservation easement as of December 28, 2016 is:

- T	Encumbered	Acres	FMV	
	Total After Value – Land and Reserved Sites	30.41	\$198,656	

The value of the easement gift as of December 28, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV
Before Value (Unencumbered)	30.41	\$61,631,524
Less		
Total After Value (Encumbered)	30.41	<u>\$198,656</u>
Value of the Easement	rounded	\$61,433,000

The encumbered property also includes one (1) reserved building for either one residence or one resort. While this site remains part of the eased property and is subject to the rules and restrictions of the easement, it does maintain limited building rights, as defined by the easement, and therefore, requires an additional value over that of the per acre value of the encumbered property. It should be noted that the lot is not a build ready lot and will incur some development costs to make it so. The site will be constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to

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the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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## Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias
  with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the
  client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further,
  my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any
  way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.

I /w/I

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing
  Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1258 of 1318 Excerpts from Waterway Grove Appraisal

## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located south of Carolina Bays Pkwy and

north of the Intracoastal Waterway in North Myrtle Beach,

Horry County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** December 28, 2016

**Date of Donation** December 28, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R4 (Resort Residential) and R-4I (Inland Multi-Family

Residential)

Site: 30.41 Acres

Easement: 30.41 Acres

**Reserved:** One Residential Building Site

Total: 30.41 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

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#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit, all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

# LEGAL DESCRIPTION

ALL THAT CERTAIN PARCEL AS SHOWN ON PLAT ENTITLED BOUNDARY / SUBDIVISION SURVEY OF A PORTION OF PERMENTER BROTHERS HOLDINGS, LLC FOR PERMENTER BROTHERS HOLDINGS, LLC DATED AUGUST 28, 2015, BY THE BRIGMAN COMPANY AND IN PLAT BOOK 267, PAGE 264.

BEGINNING AT A POINT ON THE NORTH WESTERN CORNER OF SAID PARCELAND POINT BEING MARKED BY HAVING 5/8" IRON REBAR SET AND HAVING SC STATE PLANE CORRDINATES OF N 735,341.72 E 2,697,173.54

THENCE A LINE BOUNDED TO THE NORTH BY PARCEL NOW OR FORMERLY OWNED BY CAMILLIA STATION, LLC TO THE SOUTH BY SUBJECT TRACT, THE FOLLOWING BEARINGS AND DISTANCES:

N 66'34'26" E 29.56' N 68'19'38" E 857.13' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE EAST BY LANDS NOW OR FORMERLY OWNED BY SEA VISTA RESORT, LLC AND BOUNDED TO THE WEST BY SUBJECT TRACT THE FOLLOWING BEARING AND DISTANCE:

S 23°32'26" E 1504.12' TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE SOUTH BY THE ATLANTIC INTRACOASTAL WATERWAY AND BOUNDED TO THE NORTH BY THE FOLLOWING BEARINGS AND DISTANCES:

S 69\*29'18" W 448.09' TO 5/8" IRON REBAR SET S 69\*29'11" W 439.39 TO 5/8" IRON REBAR SET

THENCE A LINE BOUNDED TO THE WEST BY ARCADIAN QUAY, LLC AND BOUNDED TO THE EAST BY THE SUBJECT PROPERTY THE FOLLOWING BEARING AND DISTANCE:

N 23'32'26" W 1485.24 TO 5/8" IRON REBAR SET

THENCE BACK TO SAID POINT OF BEGINNING. TRACT CONTAINS 30.41 ACRES.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, RS Means, and The Marshall and Swift Valuation Service. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 30.41 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

# **Identification of the Subject Property**

The subject is located south of Carolina Bays Pkwy and north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 30.41 acres.

# **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

Waterway Grove, LLC

# **Improvements**

None

**Taxes** 

Site Data

- The physical inspection of the Subject Property provided no indications of environmental issues concerning the property. However, the appraiser is not trained in the detection of such materials.
- For the purpose of this assignment, no known environmental issues, problems, or costs are assumed to affect the subject. This is an assumption of the appraisal. Please review the limiting conditions section of this report concerning the environmental disclaimer in this report.
- The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

# Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No

- Observed staining of soils:
   Observed distressed vegetation:
   On-Site: No; Adjacent: No
   On-Site: No; Adjacent: No
- Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No

Observed noticeable odors:
 On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

### Conclusion:

The Subject Property consists of approximately 30.41 acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: White Oak Equestrian

Document ID: ECOVEST-DOJ 0225003

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# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

\* Certified in AL, FL, MS, GA, CO f Certified in AL, GA

Writer's Email: Claud@ClarkAppraisals.com

January 24, 2012

Mr. Edmund Cash, Manager White Oak Equestrian, LLC P.O. Box 2579 Rome, GA 30165

Dear Mr. Cash:

RE: Conservation Easement White Oak Equestrian

Dade County, Georgia

Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;

Market Value of the Easement Gift

Dear Mr. Cash:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

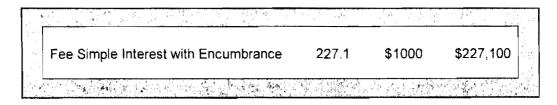
North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2011, and before the subject property is encumbered by the easement is as follows:

Fee Simple Interest	Acres 231.1	FMV \$4,853,188

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2011 is:



The subject property has two (2) reserved home sites. While the home sites cannot claim ownership of the conservation easement area, they can enjoy the privacy that the easement presents. A similar instance is a golf course fronting lot. Typically, these lots offer a better view and privacy on one side of the lot. I have compared the golf course lots to non-golf course lots. The premium paid has ranged from 5 to 20%. I have also analyzed lots out west that abut state lands or parks. These tracts also sell for a premium in the range of 10 to 20%. For these reasons, I am applying a 20% enhancement to the reserved lots.

The value of the easement gift as of December 30, 2011 is as follows and is based upon the before and after method.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1270 of 1318 Excerpts from White Oak Equestrian Appraisal

231.1		\$4,853,188	
227.1	\$1000	\$227,100	
		<u>\$96,000</u>	13 mg
ſ	ounded	\$4,530,088	
	227.1		227.1 \$1000 \$227,100 \$96,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III GA License #322927 State Certified General Real Property Appraiser

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# Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the donee organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the subject property, and have participated in the Final Market analysis and conclusions of this report.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III GA License #322927 State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1274 of 1318 Excerpts from White Oak Equestrian Appraisal

# Summary of the Appraisal

**Property Type:** Conservation Easement

Location: The subject is located in Dade County, Georgia.

Purposes of the Appraisal: To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

Function of the Appraisal: To estimate the market value of a conservation easement.

Date of the Appraisal Report: January 24, 2012

Date of Value Estimates: December 30, 2011

Date of Donation December 30, 2011

Property Rights Appraised: Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

Zoning: None

Site: 231.1 Acres

Easement: 227.1 Acres

**Reserved:** Two 2-acre Building Sites

Total: 231.1 Acres

Improvements: Jeep/ATV Trails

High and Best Use Before: Residential Development

of Site as Though Vacant: After: Hunting or Recreational Use

Appraiser: Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis. PC EIN 63-1075275

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1275 of 1318 Excerpts from White Oak Equestrian Appraisal

#### Assumptions and Limiting Conditions

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

# Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

## Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of Tennessee or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### Limited Use of Exhibits

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1276 of 1318 Excerpts from White Oak Equestrian Appraisal

Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### Limited Use of Component Values

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## Limited Access to Auxiliary and Related Studies

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

# Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

## Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

### Competent Management Assumed

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

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## Assumptions for Proposed Improvements

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved subject property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved subject property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

### Currency Basis

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

## Word Case

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

## Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

# The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## Hazardous Waste

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

Introduction

# Legal Descriptions and Maps

A Tract of land lying and being in the SE ¼ of Land Lot No. 138, Land Lot No. 139, and the east 20 acres of Land Lot 141, in the 18th District and 4th Section of Dade County, Georgia, being more particularly described as follows; (Reference Deed Book 281 Pg 328 and 330 and Deed Book 337 Pg 163)

Beginning at the Southeast corner of said land lot 142; Thence with the South Line of said Land Lots 142 and 141, S 89° 12′ 55″ W, 3002.42 feet a point on the South line of Land Lot 141.

Thence, N 00°34′49" W, 2783.39 feet to a point on the North line of said Land Lot 141.

Thence, with the North Line of said Land Lots 141 and 142, S 88° 51′ 48″ E, 1699.46 feet the SW corner of the SE ¼ of said land lot 138.

Thence, with the West Line of said SE ¼, N00° 57'26"E, 1293.09 feet to the NW corner of said SE ¼.

Thence, with the North Line of said SE 1/4, S89° 38'01"E, 1361.61 feet to the NE corner of said SE 1/4.

Thence, with the East Line of said SE ¼ and said Land Lot 142, S 00° 44′46″ W, 3992.94 feet to the Point of Beginning. (containing 231.1 acres more or less)

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1279 of 1318 Excerpts from White Oak Equestrian Appraisal

Introduction

The appraised subject consists of undeveloped land. There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining properties which are generally similar to the subject which have sold during the recent past.

The attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

Discounted Cash Flow

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Mountain Lots). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest. These type of properties are best evaluated using a DCF method.

The land residual method is an income approach using a discounted cash flow (DCF). In a DCF income and expenses are determined over a sellout period.

The first step is to estimate the retail value of the lots and the absorption of those lots under current market conditions.

I am using the land residual method to estimate the fair market value of the Subject Property. The Subject Property is located in an area that has become popular for outdoor recreation oriented subdivisions that offer amenities such as lakes, horseback riding, hiking, varying lot sizes and wooded vistas. In order to accommodate these features, the land has to have suitable characteristics for lake development such as a valley with level to moderately sloping land for home and amenity construction. Additionally, access to main line utilities is important. Another

Introduction

# Identification of the Subject Property

The subject property consists of one parcel located in Dade County, Georgia. The site contains 231.1+- acres.

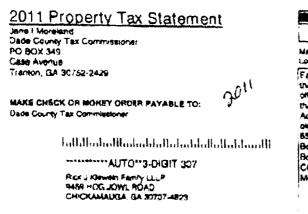
# Prior Sales History

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

White Oak Equestrian, LLC

Taxes



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REAL

Jane i Moraland Dade County Tax Commissioner PO BCX 349 Case Avenue Trenson, GA 30752-2429

Prison (704) 857-7563 Fig. (706) 657-8702



Tax Payer: Rick J Klewen Family LLEP Map Code: 024 00 006 00

Map Gode: 024 00 006 00 Description: PY Lt. 142,141,138 18.4 Location: Roy Johnson Rd

BIRNO: 2011-7014 District: 001 DADE GOUNTY

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**Improvements** 

None

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Site Data

On-Site: No; Adjacent: No
 Observed staining of soils:
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No
 On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of

hazardous materials "in bulk": On-Site: No; Adjacent: No
Observed noticeable odors: On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the subject property. This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the subject property, as would be otherwise performed by an environmental professional.

# Site Improvements:

There are no on-site improvements on the subject property, as it is vacant land.

# Conclusion:

The subject property consists of approximately 231.1 +- acres, of which approximately 231.1 +- acres are effectively usable land.

The shape and topography of the subject property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: White Sands Village

Document ID: ECOVEST-DOJ\_0056022

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

January 2, 2017

White Sands Village, LLC C/O
C/O
Bob McCullough
EcoVest Capital, Inc.
Monarch Tower
3424 Peachtree Rd, NE, Suite 1550
Atlanta Ga. 30346
bmccullough@ecovestcap.com

RE: Conservation Easement Appraisal

White Sands Village, LLC

181.2 acre tract, Horry County, South Carolina

Dear Mr. McCullough:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is an Appraisal Report presented in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of fair market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the USPAP, the Standards of Professional Appraisal Practice of the Appraisal Institute and the requirements of the State of South Carolina for certified appraisers.

This appraisal is made under a hypothetical condition that certain improvements are made to the Subject Property that are assumed to be in place when in fact they are not.

Hypothetical Condition is defined as: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1

Jurisdictional Exception is used when the IRS Code as promulgated by the Treasury Department and through Tax Court opinions to override USPAP. This is primarily used as the standard relating to the Highest and Best Use in which the Code states:

# § 1.170A-14 26 CFR Ch. I (4-1-03 Edition)

(ii) Fair market value of property before and after restriction. If before and after valuation is used, the fair market value of the property before contribution of the conservation restriction must take into account not only the current use of the property, but also an objective assessment of how immediate or remote the likelihood is that the property, absent the restriction, would in fact be developed, as well as any effect from zoning, conservation, or historic preservation laws that already restrict the property's potential highest and best use.

This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended user recognizes that any information furnished by the appraiser does not constitute investment, accounting, legal or tax advice. The intended user is not relying on the appraiser with respect to the economic or tax considerations of intended user relating to an investment, in particular the possibility of the intended user receiving a charitable deduction. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

I made a study of the parcel that is legally described in the easement documents for estimating the *fair market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the fair market value of the fee simple interest of the Subject Property as of November 21, 2016, and before the Subject Property is encumbered by the easement is as follows:

The Fee Simple value of the Subject Property as of November 21, 2016 is:

	Unencumbered	Acres	FMV	
	Before Value	181.2	Ψ11,43Z,UZ3	
1				

The value of the Subject Property, subject to a perpetual conservation easement as of November 21, 2016 is:



The value of the easement gift as of November 21, 2016 is as follows and is based upon the before and after value method.

	Acres	FMV	
Before Value (Unencumbered)	181.2	\$77,492,023	
Less			
Total After Value (Encumbered)	181.2	<u>\$889,920</u>	
VI 60		470 000 000	
Value of the Easement	rounded	\$76,602,000	

The encumbered property also includes one (1) reserved recreational building site and up to three (3) reserved residential building sites or up to three (3) reserved resort building sites, for a total of four (4) reserved sites. While these sites remain part of the eased property and are subject to the rules and restrictions of the easement, they do maintain limited building rights, as defined by the easement, and therefore, require an additional value over that of the per acre value of the encumbered property. It should be noted that these lots are not build ready lots and will incur some development costs to make them so. All of these sites will constructed within the noted Building Zone. There is no enhancement.

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the

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donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III

SC License #AB 6768 CG

State Certified General Real Property Appraiser

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# Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my
  personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or
  appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability,
  and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis
  and conclusions of this report.
- No one provided significant real property appraisal assistance to the person signing this report.
- I am not, nor have I ever been, barred from practicing or testifying before the IRS.
- I have not prepared an appraisal of the Subject Property in the last five (5) years.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Claud Clark III, have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG State Certified General Real Property Appraiser

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# Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located off Coates Road, south of Highway

90 and west of Champions Blvd. It is north of the Intracoastal Waterway in North Myrtle Beach, Horry

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** January 2, 2017

**Date of Value Estimates:** November 21, 2016

**Date of Donation** November 21, 2016

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** R2A Resort Residential

**Site:** 181.2 Acres

Easement: 181.2 Acres

**Reserved:** Four (4) reserved building sites; 1 recreational, and up to 3

residential or up to 3 resort

Total: 181.2 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

## Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

## Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

## Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

## **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

## Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

## **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

## **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

## Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

## **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

# **Legal Descriptions and Maps**

# Legal Description - White Sands Village

All and singular that certain piece, parcel or tract of land lying and situate in the City of North Myrtle Beach, Horry County, South Carolina and being referenced a plat entitled "Map of 181.20 ± Total Acres - Boundary, Subdivision & Combination Plat" prepared for White Sands Village, LLC by DDC Engineers, Inc. dated May 23, 2016 and being more particularly described as follows:

Beginning at a 1/2" iron pipe located on the southern right-of-way of S. C. Highway 90 and being the common corner between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson and a 66' Road Easement; thence with the southern right-of-way of S. C. Highway #90, S 65°00'47" E, 69.27' to a 1/2" iron pipe being the common corner between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson and a 66' Road Easement; thence with said parties common line and easement the following metes and bounds; S 22°40'39" W, 1183.64' to a 1/2" iron pipe; thence S 26°00'50" W, 624.31' to a 1/2" iron pipe; thence with the common line between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson; S 72°16'30" E, 986.94' to a 1/2" iron pipe being the common corner between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson and William E. Gore, III; thence with the common line between SLF IV / SBI Sandridge, LLC and William E. Gore, III the following metes and bounds; S 17°47'02" W, 682.98' to a 1 1/2" iron pipe; thence S 64°30'16" E, 962.94' to a 1/2" rebar; thence with the common line of SLF IV / SBI Sandridge, LLC the following metes and bounds; S 25°29'21" W, 919.51' to a 1/2" rebar; thence S 73°37'12" W, 208.26' to a 1/2" rebar; thence S 31°23'15" W, 268.48' to a 1/2" rebar; thence S 65°55'52" W, 234.86' to a 1/2" rebar; thence S 47°29'23" W, 677.15' to a 1/2" rebar; thence S 71°07'18" W, 172.96' to an angle iron being the common corner between SLF IV / SBI Sandridge, LLC and Grand Strand Water & Sewer Authority; thence with said parties common line the following metes and bounds, S 84°03'11" W, 233.59' to an angle iron; thence S 87°44'59" W, 161.98' to an angle iron; thence S 76°25'08" W, 215.36' to an angle iron; thence S 77°51'54" W, 209.46' to an angle iron; thence S 83°51'23" W, 112.24' to an angle iron; thence S 60°08'36" W, 1560.56' to a 1/2" rebar; thence with the common line of SLF IV / SBI Sandridge, LLC, N 20°37'12" E, 4518.41' to a 1/2" rebar being the common corner between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson; thence with said parties common line, S 72°14'36" E, 662.26' to a 1/2" iron pipe also being the common corner of a 66' Road Easement; thence with the common line between SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson and a 66' Road Easement the following metes and bounds, N 26°00'30" E, 631.78' to a 1/2" iron pipe; thence N 22°31'00" E, 1184.62' to the Point of Beginning and having an area of 181.20 acres, more or less.

This property is bounded on the north by S. C. Highway #90, Richard E. Bell and Margaret Thompson and William E. Gore, III, on the west by SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson and Azalea Bay Resort, LLC, on the east by SLF IV / SBI Sandridge, LLC, Richard E. Bell and Margaret Thompson and William E. Gore, III and on the south by Grand Strand Water & Sewer Authority.

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Introduction

The fifth step in the process is the processing of one or more of the approaches to value. These are: a) the cost approach, b) sales comparison approach, and c) the income approach.

The cost approach to value utilizes reproduction/or replacement cost. This cost is often obtained from local sources, as well as national valuation services, such as RS Means and Marshall and Swift. Cost developed is compared with local data.

The sales comparison approach entails a review and analysis of sales of comparable properties and concludes with a correlation of market data where relevant material is brought together and summarized into a value statement.

The role of the (DCF) income approach is to develop the present worth of an income stream, which the property can generate with its highest and best use. This approach is based largely on the concept that value, in effect, is the present worth of future rights to income.

Following completion of the appraisal, which will include processing of the approaches, as dictated by the circumstances, the process is finished through the reconciliation or correlation.

In the reconciliation (correlation), a final value statement is developed which reflects the main elements of the data.

In the reconciliation, the merits and limitations of each approach are reviewed and weighed. Reconciliation (or data correlation) is Step 6.

The seventh and final step in an appraisal comprises reporting the findings to the client or reader. The report concludes with a certification, as well as assumptions and limiting conditions upon which the certification is based. Reports are of varying length and content.

In the appraisal of the subject, the approach which will be used for the before value is the income approach utilizing a discounted cash flow. The value for the after value is the sales comparison approach. Sales of similar lots from similar neighborhoods and areas will be collected and analyzed. Sale properties accumulated, share with the subject the highest and best use, which is generally comparable to that of the appraised subject.

Initial phase of the assignment starts with an inspection of the property. Owing to the nature of the work, inspection phase may take a number of visits. Chief objective of these inspections is to locate and identify all portions of the property, which support highest and best use.

Appraised subject consists of 181.2 acres.

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Comparison Approach. In searching the market

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Introduction

area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

## Land Residual Method (DCF)

Certain properties are unique and distinct from others in the immediate area. These properties may have special topography that lends itself well to development (Lakes, Creeks, Views). Sales of these properties may be limited not because of market conditions but because of physical or locational aspects. Some properties may adjoin a National Park or Forest, or golf course. These types of properties are best evaluated using a DCF method.

Introduction

## **Identification of the Subject Property**

The subject is located off Coates Road, south of Highway 90 and west of Champions Blvd. It is north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The site contains 181.2 acres.

## **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

## **Ownership**

White Sands Village, LLC

## **Improvements**

None

#### **Taxes**

Name:	SEF IMSBI SANDRIDGE ELC		
Address:		2002 OAK STREET STE 200 MYRTLE BEACH SC 29577 319	
Tax Year:		201	
District/Levy:		550 / 185	
City/Levy:		NM / 039	
Total Appraisal:		39.75	
Total Assessed:		2,3%	
Assessment Ratio: 5%	Land Appraisal: 39,750	Building Appraisal: 0	
Property Informatio	ะก		
Record Type:		Real Esta	
Map Number:		129-50-07-69	
PIN:		348-00-00-001	
Acres:		282.0	
Bescription:		3600' W/S COATS R TR A &	
Taxes			
County Tax:		\$443.3	
City Tax:		\$33.5	
Fees:		\$94	
Residential Exemption:		\$8.6	
Homestead Exemption:		\$84	
Other Exemptions:		\$2.0	
Local Option Credit:		101	
Total Taxes:		\$537.2	

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Site Data

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

Conclusion:

The Subject Property consists of approximately 181.2 acres.

Observed staining of soils:Observed distressed vegetation:

Observed noticeable odors:

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.

# Excerpts from appraisal of: Wilderness Lake

Document ID: ECOVEST-DOJ\_0113645

# CLARK ~ DAVIS, PC REAL ESTATE APPRAISERS

646 River Route Magnolia Springs, AL 36555 Phone 251-988-1010 Fax 251-988-1011

Established 1991

Claud Clark III \*
Certified General Real Property Appraiser
Kathy P. Davis
Certified Residential Appraiser
Laura Fullington †
Certified General Real Property Appraiser

Writer's Email: Claud@ClarkAppraisals.com

December 30, 2013

Donald Johnson Sirote and Permutt, P.C. P.O. Box 55727 Birmingham, AL 35255-5727

RE: Conservation Easement Wilderness Lake
Chester County, South Carolina
Appraisal of Market Value before the Conveyance; Market Value after the Conveyance;
Market Value of the Easement Gift

Dear Mr. Johnson:

At your request, I have conducted the inspections, investigations, and complete analysis necessary to appraise the above referenced real property. The appraisal is a Summary Report presented in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). My opinion of market value is premised upon the Assumptions and Limiting Conditions contained within this report. This report has been prepared, to the best of my knowledge, to the standards and requirements of the Internal Revenue Service. The definition of fair market value as set forth-in Treasury Reg. 1.170A-1(c) (2) is as follows: Fair market value, as defined in section 1.170A-1(c) (2) of the Income Tax Regulations is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

The intended use of the appraisal is for estimating the fair market value of a perpetual conservation easement for federal income tax purposes. The intended users are the donors and the IRS for the purpose of estimating the fair market value of an easement donated to the:

North American Land Trust 100 Hickory Hill Road P.O. Box 467 Chadds Ford, PA 19317

1

I made a study of the parcel that is legally described in the easement documents for estimating the *market value* of the *fee simple ownership interest*, "before" and "after" the establishment of a perpetual Conservation Easement thereon.

Based upon my market research, inspection of the subject, its environs, comparable properties, subsequent analyses, and professional judgment, I formed the opinion that the market value of the fee simple interest of the Subject Property as of December 30, 2013, and before the Subject Property is encumbered by the easement is as follows:

	Acres	FMV
Before Value (Unencumbered)	2,202.08	\$59,393,877

The Fee Simple of the Subject Property subject to a perpetual conservation easement as of December 30, 2013 is:

	Acres	Value/Acre	FMV	
After Value – Land Only (Encumbered)	2,202.08	\$1,000	\$2,202,080	

There are eleven (11) areas designated for the construction of residences and related residential uses. The property can be subdivided into the same number of parcels as there are building lots. The parcels that result from the subdivision must contain a building area. There is no minimum or maximum size. Based upon the review of other easements, the value of these sites does not warrant a value over and above the price per acre.

There is no enhancement.

The value of the easement gift as of December 30, 2013 is as follows and is based upon the before and after value.

	Acres	Value/Acre	FMV
Before Value	2,202.08		\$59,393,877
Less			
After Value (Encumbered)	2,202.08	\$1,000	<u>\$2,202,080</u>
Value of the Easement		rounded	\$57,192,000

I am a Qualified Appraiser as defined under Section 1.170A-13(c) (5).

The attached report is a "qualified appraisal report" as that term is defined in applicable Internal Revenue Service regulations (Section 1.170A-12(c) (3)) and was prepared for your use.

I certify that I have no future or present interest in the Subject Property. Further, my fee has not been based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the appraised value.

I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, or would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.

To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Please refer to additional certifications found in the attached report.

Respectfully submitted

Claud Clark III SC License #AB 6768 CG State Certified General Real Property Appraiser

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#### Certification

I certify that, to the best of my knowledge and belief:

- I hold myself out to the public as a real estate appraiser and perform appraisals on a regular basis. Because of my qualifications, as described in this appraisal, I am qualified to make appraisals of real property encumbered by a conservation easement.
- I am not a person described in Treasury Regulation 1.170A-12(c) (5) (iv) in relation to (1) the property that is the subject of this report, (2) the owners of the property that is the subject of this report, or (3) the done organization.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analysis, opinion, and conclusion.
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the
  amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. Further, my fee has not been
  based in whole or in part upon a percentage of the appraised value of the property, nor has the fee in any way been contingent upon the
  appraised value.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. I certify that I have no future or present interest in the Subject Property.
- I understand that a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty under Section 6695A.
- I understand that an intentionally false or fraudulent overstatement of the value of the property described in this appraisal or appraisal summary may subject to a civil penalty under section 6701 for aiding and abetting an understatement of tax liability, and, moreover that I may have appraisals disregarded pursuant to 31 U.S.C. 3330(c).
- I, Claud Clark III have made a personal inspection of the Subject Property, and have participated in the Final Market analysis and conclusions of this report.
- I am not, nor have I ever been, barred from testifying before the IRS.
- I have prepared an appraisal of the Subject Property in the last five (5) years.
- To the knowledge of the undersigned, there is no agreement or understanding entered into (or expected to be entered into) by or on behalf of the donors that relate to the use, sale or disposition of the donated property, including for example, the terms of any agreement or understanding that temporarily or permanently restricts a donee's right to use or dispose of the donated property, earmarks donated property for a particular use, or reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund raising) any right to the income from the donated property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

Claud Clark III SC License #AB 6878 CG

State Certified General Real Property Appraiser

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1306 of 1318 Excerpts from Wilderness Lake Appraisal

## Summary of the Appraisal

**Property Type:** Conservation Easement

**Location:** The subject is located just west of Interstate 77, along the

west side of Old Mill Road, south of Richburg in Chester

County, South Carolina.

**Purposes of the Appraisal:** To estimate, for federal and state income tax purpose, the

market value of the conservation easement.

**Function of the Appraisal:** To estimate the market value of a conservation easement.

**Date of the Appraisal Report:** December 30, 2013

**Date of Value Estimates:** December 30, 2013

**Date of Donation** December 30, 2013

**Property Rights Appraised:** Before: Fee Simple Interest

After: Fee Simple Interest Subject to Easement

**Zoning:** EDD, Economic Development District

**Site:** 2202.08 Acres

Easement: 2202.08 Acres

**Reserved:** Eleven (11) reserved areas.

**Total:** 2202.08 Acres

**Improvements:** None

High and Best Use Before: Residential Development of Site as Though Vacant: After: Recreational / Green Space

**Appraiser:** Claud Clark III as an Employee and Sole Owner of

Clark ~ Davis, PC EIN 63-1075275

#### **Assumptions and Limiting Conditions**

PLEASE NOTE THAT THE ACCEPTANCE AND/OR USE OF THIS APPRAISAL AND REPORT CONSTITUTES ACCEPTANCE OF THE FOLLOWING TERMS AND CONDITIONS:

#### Limited Publication, Distribution, and Use of This Report

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for analytical services only. Any person or corporation other than the client thereof cannot use this report or a copy or party to whom it is addressed without the written consent of this appraisal firm and then only in its entirety. The authentic copies of this report are signed in blue ink. Other copies are unauthorized and may be incomplete or altered.

This appraisal consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b) (4). ). Notify the appraiser(s) signing the report of any request to reproduce this appraisal in whole or in part.

#### Limited Disclosure to the Public through the Media

No part of the contents of this report may be conveyed to the public through advertising, public relation efforts, news, sales, or other media, without the express and written consent of the appraiser. Neither may reference be made in such a public communication to the Appraisal Institute or the MAI designation.

This appraisal is to be used only in its entirety and no part is to be used without the whole report.

#### Limited Disclosure of the Report by the Appraiser

The appraiser agrees not to divulge the material (valuation) content of this report. The exceptions are as required by The Real Estate Appraisal Board of the State of South Carolina or the Appraisal Institute as they may request, in confidence, for ethics enforcement; or by a court of law or body with the power of subpoena. This means that the appraiser will keep secret the analytical findings and conclusions for the property or properties being appraised. The appraiser agrees not to give a copy of this report to anyone other than the client or his designee unless requested in writing by the client.

#### Information Furnished is Assumed to be Accurate

No responsibility is assumed for the accuracy of information furnished by the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Real Estate Appraisal Office of Clark ~ Davis, PC and any associates possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction, and/or public records, and/or some other form of affidavit; all are considered appropriate for inclusion to the best of our judgment and knowledge.

#### **Limited Use of Exhibits**

The sketches, maps and other exhibits shown as part of this report are included to assist the reader in visualizing the property and its various attributes. These exhibits are not necessarily to scale. Site plans should not be confused with surveys. Only an exhibit labeled "survey" and signed by a surveyor should be relied upon as a survey.

# No Responsibility Assumed for Legal, Engineering, Environmental Financial, Structural, Mechanical, Hidden Components or Soil Conditions

No responsibility is assumed for matters legal in character or nature, or matters of survey, or of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of this report.

The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural and certain other components. This appraisal is based on the assumption that there are no hidden or apparent conditions of the property site, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them.

The appraiser does not have the environmental expertise necessary to make judgments as to the acceptability of these concerns. It is recommended that an environmental expert be consulted and an environmental abatement firm estimate the cost of any such abatement necessary to correct any condition found.

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Mechanical components within the improvements have not been critically inspected and no representations are made herein as to these matters unless specifically stated in this report. All mechanical components are assumed to be in operable condition and considered standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made as to the adequacy of insulation, type of insulation or energy efficiency. The value estimate considers that no such conditions that would cause a loss of value exist.

The land or soil of the area being appraised appears firm; however, the exact character of the soil and subsoil is not known. The appraiser does not warrant against problems arising from soil or subsoil conditions.

The legal description used in this report is assumed to be correct as furnished by the client or his designee. The legal description may have been developed by the appraiser from information from other sources, such as Tax Assessor's records. In any event, the legal description is to assist in the identification of the property to be appraised and must not be used otherwise.

#### Value Limited to Legal Uses

This appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report. We have assumed all applicable zoning, building and use regulations and restrictions have been obeyed unless otherwise stated in the report. All required licenses, consents, permits or other legislative or administrative approvals are assumed to have been obtained or renewed for any use considered in the value estimate.

#### **Limited Use of Component Values**

The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and may be invalid if so used.

#### **Limited Access to Auxiliary and Related Studies**

No environmental impact studies, special market studies, highest and best use studies or feasibility studies have been made or requested unless otherwise specified in an agreement for services or in this report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates or conclusions upon any subsequent such study or analysis or previous study or analysis subsequently becoming known to him.

#### Value Limited to Real Estate Unless Otherwise Specified

Furnishings, equipment or other business related items not typically considered as part of the real estate are not normally valued. These items have been disregarded with only the real estate being considered in the value estimate unless otherwise stated in this report.

#### Limitations of a Value Estimate in a Dynamic Market

The Market Value estimate is made within the context of a dynamic real estate market and is subject to change with the passage of time. Value is highly related to exposure, time, promotional effort, and terms of sale, motivation and conditions surrounding the offering. This value estimate has sought to consider the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property being appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of Market Value is a reflection of such benefits, as well as, the appraiser's interpretation of income, yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are subject to change as the market is naturally dynamic.

#### **Competent Management Assumed**

It is assumed that the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor excessive.

#### **Assumptions for Proposed Improvements**

If the property being appraised contains any proposed improvements or repairs, whether on site or off of the site, these improvements and/or repairs are expected to be completed in a good and workmanlike and timely manner and according to information submitted and/or considered by the appraiser. In cases of proposed construction, the appraised value and conditions are subject to change upon inspection of the property after construction is completed, if any material differences are found to exist. The estimate of Market Value is as of the date shown in the report, as proposed, and as if completed and operating at the levels shown and projected in the report.

In order to fully disclose all pertinent data and ensure that the reader and/or user of the report is fully aware that the

- a. The improved Subject Property does not yet, in fact, exist as of the date of the appraisal;
- b. The analysis performed to develop the estimate of value is based on a hypothesis, specifically that the improved Subject Property is assumed to exist when, in fact, it does not exist;
- c. Certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist; and
- d. The appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

#### **Currency Basis**

The value estimated and as reported herein is in U.S. Dollars on the basis of the banking and currency exchange prevailing as of the date of appraisal.

#### **Word Case**

Words used herein whether in the singular or plural shall be considered both, singular or plural as the case may apply and as appropriate for the intent of the circumstances.

#### Limitation of Data Used

The information contained herein, including any data, estimates, or opinions, furnished by others, to the appraiser, are not guaranteed, but were gathered from sources believed to be reliable. Since every appraisal consists, in part of data, which are legally "hearsay evidence," the appraiser reserves the right to revise the report including the value estimate to the extent justified by subsequent discovery of any additional and/or inaccuracies in such data.

#### The Americans with Disabilities Act

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detail analysis of the requirements of the ADA could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could negatively affect the value of this property. Since we have no direct evidence relating to this issue we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

#### **Hazardous Waste**

Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required discovering them. The client is urged to retain an expert is this field, if desired.

**Legal Descriptions and Maps** 

#### LEGAL

Chicago Title Company, LLC

ALTA Commisment Form

Commissions Number: 12-05196CH

#### EXHIBIT "A"

(Interstate Land & Timber, LLC to Wilderness Lake, LLC)

Commencing at the S.C. Grid measurest "Green Briss"; theree with a bearing of S 3°30'49" W, and a distance of 9492.45', to a point; thence with a bearing of S 70°34'26" W, and a distance of 1703.91', to the POINT OF BEGINNING of the tract described herein;

These with a bearing of \$ 42°50'32" B, and a disease of 3721.39', to a point in the centerline of Old Mill Road;

thesee with said road the following sixteen (16) calls:

- Thence with an Arc to the Left, having a Radius of 1151.90°, and a Length of 591.63°.
- and being Chorded by a bearing of \$ 22°55'17" W, and a distance of \$85.16" to a point;
- 2) thence with a bearing of S 8"11'43" W, and a distance of 2152.77', to a point;
- 3) there e with an Arc to the Right, having a Radius of 1424.00°, and a Laugth of 1402.51°, and being Chorded by a bearing of \$ 36°24'39" W, and a distance of 1346.51° to a point;
- 4) theoree with a bearing of S 64\*37"16" W, and a distance of 194.61", to a point:
- 5) thence with an Arc to the Left, having a Radius of 1083.00', and a Length of \$40.21', and being Chorded by a bearing of \$42°24'04" W, and a distance of \$19.30' to a point;
- 6) thence with a bearing of \$ 20°10'32" W, and a distance of 1422.75', to a point;
- 7) thence with an Arc to the Left, having a Radius of 3669 007, and a Length of 401.687, and being Cherded by a bearing of S 16°25'34" W, and a distance of 401.39' to a point;
- 8) thence with a bearing of S 12°40'35" W, and a distance of 284.85", to a point;
- 9) thence with an Arc to the Right, having a Radius of (833.00', and a Length of 788.45',
- and being Chorded by a bearing of S 24°59'57" W, and a distance of 782.39' to a point;
- 10) thence with a bearing of \$ 37°19'19" W, and a distance of \$19.98", to a point;
- 11) thence with an Arc to the Right, having a Radius of 3180,00', and a Length of 431.34', and being Chorded by a bearing of 8 41°12'28" W, and a distance of 431.01' to a point;
- 12) thence with a bearing of S 45°05'37" W, and a distance of 1129.06, to a point;
- thence with an Arc to the Left, having a Radius of 1871-00, and a Length of 943.69.
- and being Charded by a bearing of S 30"38"39" W, and a distance of 933.72 to a point;
- 14) thence with a bearing of S 16"11'41" W, and a distance of 632.63', to a point:
- 15) thence with an Arc to the Right, having a Radius of 1400.00', and a Length of 579.98', and being Charded by a bearing of \$ 28°03'46' W, and a distance of \$75.84' to a point;
- 16) themee with a bearing of S 39°55'50" W, and a distance of (310.19", to a point; thence with a bearing of N 86°32'08" W, and a distance of (501.55', to a point;
- therate with a bearing of N 21°26'28" E, and a distance of 1144.27, to a point;
- thesee with a bearing of N 25°09'32" W, and a distance of 61.64', to a point;
- thence with a bearing of N 5\*17'42" W, and a distance of 103.11', to a point;
- thence with a bearing of N 1°36'20" W, and a distance of 92.30', to a point;

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thence with a bearing of N 26° (4'23° E, and a distance of 161.97', to a point;

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thence with a bearing of N 16°06'10" E, and a distance of 60.23", to a point;
thence with a bearing of N 24°40'35" W, and a distance of 165.51', to a point;
thence with a braring of N 43°01'32" W, and a distance of 69.42', to a point;
thence with a bearing of N 54°42'13" W, and a distance of 68.85", to a point;
thence with a bearing of S 86°12'42" W, and a distance of 60.84', to a point;
thence with a bearing of N 47"28'50" W, and a distance of $2.83", to a point;
these with a bearing of N 15°54'20" W, and a distance of 298.49', to a point;
thesee with a bearing of N 57°32'56" W, and a distance of 105.63', to a point;
thesee with a bearing of $ 71°36'56" W, and a distance of 147.74", to a point:
thence with a bearing of N 57°20'32" W, and a distance of 270.50', to a point:
thence with a bearing of S 87°12′06° W, and a distance of 255.70°, to a point;
thence with a bearing of $ 23°50'44" W, and a distance of 299.31', to a point;
thence with a bearing of $ $4°42'45" W, and a distance of 90.19", to a point;
thence with a bearing of $ 29°00'38" W, and a distance of $4.91', to a point;
(hence with a bearing of N 70°28'20" W, and a distance of 320.04', to a point;
thence with a bearing of N 12°47'45" E, and a distance of 2233.77', to a point;
thence with a bearing of N 14°02'49" E, and a distance of 1364,90°, to a point in Peden
Bridge Road;
thence with said road a bearing of S 57°08'54" E, and a distance of 708.57", to a point;
thence with said road a bearing of $ 57" (0"54" E, and a distance of 315,79", to a point;
(hence with a bearing of $ 70°18'54" E, and a distance of 138.50', to a point in a gravel
drive:
thence with said drive a bearing of S 62°53'00" E, and a distance of 463.52', to a point;
thronce with a bearing of N 37°54'25" E, and a distance of 1256,36', to a point;
thence with a bearing of N 40°59'12" W, and a distance of 305.35', to a point;
(hence with a bearing of $ 45°36'23" W, and a distance of 65.48', to a point;
thence with a bearing of N 33°22'26" W, and a distance of 1364,79', to a point;
there with a bearing of S 70°58'04" W, and a distance of 944.24', to a point;
thence with a bearing of S 73°01'23" W, and a distance of 2800.79', to a point;
thence with a bearing of N 20°07'41" W, and a distance of 1945.37", to a point;
thence with a bearing of N 70°47'19" E, and a distance of 532,29', to a point;
thence with a bearing of N 6°00'11" E, and a distance of $36.07, to a point;
theree with a bearing of N 65°19'34" W, and a distance of $17.52", to a point;
therex with a bearing of N 9°40'31" W, and a distance of 143.67', to a point;
there with a bearing of N 61°14'23" W, and a distance of 267.08", to a goint;
therece with a bearing of N 13*57'59" W, and a distance of 362.70', to a point;
therece with a bearing of N 13°58'15" W, and a distance of 1096,50°, to a point;
therese with a bearing of N 80°04'45° E, and a distance of 2764.27', to a point;
thence with a bearing of $ 52°16'15" E, and a distance of 141.74', to a point;
theree with a bearing of N 89°15'45° E, and a distance of 180.40', to a point;
thence with a bearing of N 34°25'45" E, and a distance of 270.05', to a point;
thence with a bearing of N 5"51"15" W, and a distance of 205.70", to a point;
theore with a bearing of N 55°55'45° E, and a distance of 161.30', to a point;
thence with a bearing of N 38°08'45" E, and a distance of 215.35', to a point;
thence with a bearing of N 74"51"45" E, and a distance of 131.05', to a point;
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thence with a bearing of N 4°06'15" W, and a distance of 62.00', to a point; thence with a bearing of N 82"38"15" W, and a distance of 197.00', to a point; faction with a bearing of N \$1°56'15" W, and a distance of 1\$1.00', to a point; thence with a bearing of N 79°04'15" W, and a distance of 498.64', to a point; thence with a bearing of \$ 88"12"55" W, and a distance of 57.90", to a point; thence with a bearing of N 12"06"45" W, and a distance of 274,36", to a point; thence with a bearing of N 2"53'58" W, and a distance of 119.35', to a point; thence with a bearing of N 13"58"58" W, and a distance of 242.99°, to a point; thence with a bearing of N 37°03'58" W, and a distance of 222,567, to a point; thence with a bearing of N 48°32'45" W, and a distance of 287,98', to a point: thence with a bearing of N 59°20'31" W, and a distance of 270.00, to a point; thence with a bearing of N 33" 15'45" W, and a distance of 922,90', to a point; thence with a bearing of N 51"1755" E, and a distance of 228.48", to a point; thence with a bearing of N \$8°31'30" E, and a distance of 3366.05', to a point; thence with a bearing of N 54°10'53" E, and a distance of 679.08', to a point thence with a bearing of \$ 26°58'14" E, and a distance of 201.73', to a point; therese with a bearing of S 27"55"52" E. and a distance of 299.09, to a point; thence with a bearing of S 20°15'58" E, and a distance of 143,49', to a point; there e with a bearing of S 16°32'10" E, and a distance of 193.56', to a point; therece with a bearing of S 16°21'23" E, and a distance of 141.79', to a point; thence with a bearing of S 1°09'57" E, and a distance of 125.26', to a point; thence with a bearing of N 84°39'18" E, and a distance of 572.61', to a point; theree with a bearing of N 4°37'52" W, and a distance of 857.45", to a point; there e with a bearing of \$ 45° 15' 22" E, and a distance of 1903.03", to a point; thence with a bearing of N 46°19'04" E, and a distance of 874.81', to a point; thence with a bearing of N 55°00'24" E, and a distance of 897.97', to a point; thence with a bearing of N 49°52'42" E, and a distance of 493.60', to a point: being the POINT OF BEGINNING and containing 2219.688 Acres (USFT).

#### Lass and Except the following four (4) out parcels:

#### Out Parcel 1

Commencing at the S.C. Grid monument "Green Briar"; thence with a bearing of S 24°17'40" W, and a distance of 14088.79', to the **POINT OF REGINNING** of the tract described herein;

there e with a bearing of N 24"37"36" E, and a distance of 545.74", to a point; there e with a bearing of S 64"34"22" E, and a distance of 471.86", to a point; there e with a bearing of S 24"37"37" W, and a distance of 555.91", to a point; there e with a bearing of N 54"21"58" W, and a distance of 75.90", to a point; there e with a bearing of N 65"16"58" W, and a distance of 356.51", to a point; there e with a bearing of N 62"58"09" W, and a distance of 40.78", to the POINT OF BEGINNING and containing 5.908 Acres (USFT).

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#### Out Parcel 2

Commencing at the S.C. Grid measurem "Green Briar" thence with a bearing of S 21°04'41" W, and a distance of 14203.86", to the POINT OF BEGINNING of the tract described herein;

thence with a bearing of N 28°03'48" E, and a distance of 325.00', to a point; thence with a bearing of S 52°33'40" E, and a distance of 473.97', to a point; thence with a bearing of S 40°01'39" W, and a distance of 77.93', to a point; thence with a bearing of S 18°47'12" W, and a distance of 128.54', to a point; thence with a bearing of N 67°13'09" W, and a distance of 57.89', to a point; thence with a bearing of N 59°29'05" W, and a distance of 80.45', to a point; thence with a bearing of N 76°22'03" W, and a distance of 87.52', to a point; thence with a bearing of S 40°01'04" W, and a distance of 76.69', to a point; thence with a bearing of N 49°58'56" W, and a distance of 210.00', to a point; thence with a bearing of N 41°23'34" W, and a distance of 30.01', to the POINT OF BEGINNING and containing 3.816 Acres (USFT).

#### Out Parcel 3

Commercing at the S.C. Grid assoument "Green Briar"thence with a bearing of S 17"37"27" W, and a distance of 14633.51", to the POINT OF BEGINNING of the tract described herein;

thence with a bearing of N 84°12'38° E, and a distance of 134.42', to a point; thence with a bearing of S 64°18'10° E, and a distance of 150.80', to a point; thence with a bearing of S 85°42'48° E, and a distance of 107.60', to a point; thence with a bearing of S 71°56'09° E, and a distance of 74.64', to a point; thence with a bearing of S 66°41'09° E, and a distance of 144.96', to a point; thence with a bearing of S 56°56'09° E, and a distance of 244.58', to a point; thence with a bearing of S 43°11'51° W, and a distance of 295.94', to a point; thence with a bearing of N 59°05'22" W, and a distance of 146.68', to a point; thence with a bearing of N 63°30'22" W, and a distance of 485.98', to a point; thence with a bearing of N 6°22'22" W, and a distance of 198.46', to the POINT OF BEGINNING and containing 4.575 Acres (USFT).

#### Out Parcel 4

Community at the S.C. Grid measurest "Green Brist"thence with a bearing of S 18°02'36" W, and a distance of 14863.55', to the POINT OF BEGINNING of the tract described herein;

thence with a bearing of S 63°35'51" E, and a distance of 406.06", to a point; thence with a bearing of S 63°33'27" E, and a distance of 240.20", to a point; thence with a bearing of S 58°24'27" E, and a distance of 154.22", to a point; thence with a bearing of S 48°42'33" W, and a distance of 121.99', to a point; thence with a bearing of S 38°23'33" W, and a distance of 109.87", to a point; thence with a bearing of N 62°26'33" W, and a distance of 390.41', to a point; thence with a bearing of N 62°26'33" W, and a distance of 403.75', to a point;

INVOVEXUREST A INTERSTATE LAND AND TIMBER LLC TO WE INDRESS LAKE

therees with a bearing of N 42°34'00" E, and a distance of 227.41", to the POINT OF BEGINNING and containing 4.112 Acres (USFT).

The above-described property conveyed herein has the following derivation:

- Being a portion of the property conveyed to Interstate Land & Timber, LLC by Deed of Blue Sky Timber Properties, LLC dated October 28, 2003 and recorded in Deed Book 850 at Page 136 in the Office of the Clerk of Court for Chester County, South Carolina; and.
- 2. Being all of the property conveyed to interstate Land & Timber, LLC by Deed of Edward Linden Calkins and Mariha Rae Calkins, dated January 30, 2004 and recorded February 2, 2004 in Deed Book 857 at Page 3 in the Office of the Clerk of Coart for Chester County, South Carolina.

Being a portion of Tax Parcel Number: 117-00-00-006.

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Introduction

There are several methods of valuing vacant land.

- Sales Comparison Approach
- Land Residual Method (DCF) (Developers method)
- Extraction
- Allocation

Comparative analysis is the essence of the Sales Approach. In searching the market Area, emphasis will be placed on obtaining lot sales which are generally similar to the subject which have sold during the recent past.

Attributes of the comparable sales are:

- 1. Reasonably comparable area
- 2. Generally comparable zoning
- 3. Approximately comparable highest and best use
- 4. Similar topography and orientation to use
- 5. Arm's length sales, which have no atypical terms and were in cash or cash equivalency

Though three approaches to value are potentially applicable, in the instance of this appraisal, the assignment is limited to land only.

I made a search for development parcels similar to the Subject Property. I was not able to find any in the normal course of business. I used databases, such as LoopNet; I interviewed developers; and I looked for new developments on the ground and on the internet and found none. The following is an excerpt from the case of *Trout Ranch*, *LLC*; *Michael D. Wilson*, *Tax Matters Partner v. Commissioner of Internal Revenue*, which justifies the use of the Land Residual Method (DCF) when comparable sales are not available. The entire judgment is included in the addenda.

The experts worked under the framework for valuing conservation easements set forth in the Treasury regulations. Treas. Reg. § 1.170A-14(h)(3)(i). Under this framework, the value of a conservation easement is "the fair market value of the [easement] at the time of the contribution." *Id.* The regulations prescribe two methods for ascertaining fair market value: "If there is a substantial record of sales of easements comparable to the donated easement . . . the fair market value of the donated easement is based on the sales prices of such comparable easements." *Id.* But if no substantial record of sales is available, "as a general rule (but not necessarily in all cases) the fair market value . . . is equal to the difference between the fair market value of the property it encumbers before the granting of the restriction and the fair market value of the encumbered property after the granting of the restriction." *Id.* Finding the before and after values requires a determination of the property's income-producing potential. To this end, appraisers will generally construct discounted cash-flow models, which estimate the present value of a property by estimating future revenue (in this case, revenue from lot sales) and discounting it based on the cost of capital.

Introduction

## **Identification of the Subject Property**

The Subject Property is located just west side of Interstate 77, along the west side of Old Mill Road, south of Richburg in Chester County, South Carolina. The site contains 2202.08+- acres.

## **Prior Sales History**

There is no sale involving the tract within the last three years. The Subject is not listed for sale.

# Ownership

Wilderness Lake, LLC

## *Improvements*

None

#### **Taxes**

Individual lots were assessed at an average price of \$360. It was derived after an analysis of bulk lot assessments.

# Case 1:18-cv-05774-AT Document 349-87 Filed 02/15/22 Page 1318 of 1318 Excerpts from Wilderness Lake Appraisal

Site Data

• The Subject Property is not considered to be located in an earthquake hazard or other hazard prone region, and this is not a significant issue in regard to the valuation of this real estate. This is a condition of the assignment.

The overall rating of the perceived environmental issues, earthquake, and other hazard characteristics for the Subject Property is considered to be good.

#### Environmental Checklist:

• Observed or reported current or past use of hazardous material "in bulk":

On-Site: No; Adjacent: No

• Observed above-ground storage tanks, underground storage tanks, sumps or 55-gallon drums which may contain hazardous materials:

On-Site: No; Adjacent: No On-Site: No; Adjacent: No On-Site: No; Adjacent: No

• Observed evidence of activities which may involve the use, handling, or disposal of hazardous materials "in bulk":

On-Site: No; Adjacent: No On-Site: No; Adjacent: No

Observed noticeable odors:
 On

Observed staining of soils:Observed distressed vegetation:

The individual performing this Environmental Checklist is not liable for failure to detect or identify possible environmental factors and hazards on the Subject Property.

This Environmental Checklist, as well as, this entire report must not be considered, under any circumstances, to be an environmental site assessment of the Subject Property, as would be otherwise performed by an environmental professional.

## Site Improvements:

There are no on-site improvements on the Subject Property, as it is vacant land.

#### Conclusion:

The Subject Property consists of approximately 2202.08+- acres.

The shape and topography of the Subject Property has the physical characteristics to support the proposed development.